

Deutsche Mutual Fund

Annual Report 2003



Sponsors

Deutsche Asset Management (Asia) Limited
Registered Office :
20 Raffles Place, #27-01 Ocean Towers,
Singapore 048620

Asset Management Company

Deutsche Asset Management (India) Private Limited
Registered & Corporate Office :
DB House, Hazarimal Somani Marg,
Fort, Mumbai 400 001

Trustee

Deutsche Trustee Services (India) Private Limited
Registered Office :
DB House, Hazarimal Somani Marg,
Fort, Mumbai 400 001

Custodian

JP Morgan Chase Bank
Mafatlal Centre, 9th floor,
Nariman Point, Mumbai 400 021

Registrars & Transfer Agents

Karvy Consultants Ltd.
46, Road No 4, Street No 1,
Banjara Hills, Hyderabad 500 034

Auditors to the Fund & Tax Advisors

Price Waterhouse
1102/1107 Raheja Chambers,
Nariman Point, Mumbai 400 021

Advocates & Solicitors to the Fund

Little & Co.
Central Bank Building,
Mahatma Gandhi Road, Mumbai 400 023

Board of Directors of the Trustee Company

Mr. Douglas Neilson - Chairman

Mr. M. H. Kania

Mr. A. S. Mitra

Mr. Y. B. Desai

Mr. Debabrata Bhadury

Mr. Brian Scullin

Board of Directors of the Asset Management Company

Mr. Choy Peng-Wah - Chairman

Mr. K. M. Gherda

Mr. V. P. Gokhale

Mr. Dileep Choksi

Mr. Sandeep Dasgupta

Mr. Carl Saldanha

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Trustee Report

Dear Investor,

It gives us great pleasure to welcome you to the Deutsche Mutual Fund - India. The fund was launched through an IPO in January 2003 and since then the performance of your schemes have been very satisfactory. In this report we have furnished audited financials of the various schemes as on 31st March 2003.

- **Constitution of the Fund**

Deutsche Mutual Fund ("the Mutual Fund" or "the Fund") had been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated May 29, 2002. The Fund has been registered with SEBI vide registration number MF/047/02/10 dated 28th October 2002. The Head Office of the Mutual Fund is at DB House, Hazarimal Somani Marg, Fort, Mumbai 400 001. Deutsche Trustee Services (India) Private Limited is the trustee to the fund and Deutsche Asset Management (India) Private Limited has been appointed as Asset Management Company to the Mutual Fund Vide Investment Management Agreement dated 29th May 2002.

- **Sponsor**

Deutsche Asset Management (Asia) Limited ("DeAM Asia") is the sponsor for the Deutsche Mutual Fund. Deutsche Asset Management (Asia) Limited ("DeAM Asia") was incorporated in 1987 and is headquartered in Singapore. DeAM Asia is responsible for marketing and sourcing new assets in the region for investments into Asia and Global range of equity and fixed interest products. DeAM Asia has an Investment Adviser License issued by the Monetary Authority of Singapore ("MAS"). It is one of six fund managers granted the Enhanced Fund Manager status by MAS and is an Approved Fund Management Company under the Central Provident Fund Scheme.

Deutsche Asset Management is the fourth largest fund manager globally providing asset management capabilities to a variety of clients worldwide, including foundations, non-profit organisations, public and private superannuation funds, high-net-worth individuals and retail investors. The global client base, totaling over US \$ 804 billion as on January 2003 in funds under management, ranges from relatively small investors in our unit and investment trusts, to large segregated portfolios.

Report of the Board of Trustees on the Operations of Various Schemes of the Fund and the Fund as a Whole During the Year and the Future Outlook of the Fund

The year that was 2002-2003

The Indian market went through a very volatile phase last year. The year started with expectations of economic recovery and strong market performance, but failure of monsoon coupled with mounting border tensions kept the markets subdued for most of the year. The privatisation initiatives of the Central government faced several hurdles even from its own coalition partners. In the third and fourth quarters, negative travel advisory resulting from the Iraq war and border tensions impacted export-oriented businesses including IT. UTI, the largest mutual fund in the country resorted to heavy selling in the stock market to meet redemption from unitholders. This resulted in markets remaining subdued and the Indian market under performed in comparison to regional markets. These developments affected growth and GDP grew only at 4.2%.

Indian industry remained focussed and set in motion major restructuring and rationalisation despite the weakness in economy. In the latter half of the year, the Government of India managed to muster support to initiate privatization of select PSUs. Continuing decline in interest rates helped demand and helped improve corporate profitability. Thus, even though the economy faced hurdles at broader level, the bottom up story kept improving and it managed to absorb the impact of high oil prices.

The market improved in the latter part of the year with improvement in the geo-political scenario. Low interest rate scenario and strong manufacturing and export figures from the manufacturing sector further improved market sentiment. These developments point to bottoming out of economy slowdown. The banks continued to capitalise by lending to the retail market particularly for mortgage financing and auto financing and this resulted in higher demand for housing and auto products.

The country's image improved among foreign investors after the successful completion of elections in J&K. India emerged stronger after the WTO negotiations and strengthened relations with other neighbouring countries and the United States. We believe these developments helped reduce the risk premium associated with the Indian market.

Market Outlook for 2003 - 2004

The Indian economy has gone through restructuring, with import duties having been brought down in some cases from the levels of 70% to 15%. Being exposed to the globally competitive market, many corporates restructured their businesses and reduced manpower. Many companies now have globally competitive capacities and are increasingly capitalising on economies of scale. With fewer avenues for lending to the corporate world, many banks are aggressively increasing retail lending thus boosting demand for consumer goods. With very low penetration of retail financing in the country, the resultant prospects for growth are very high. We believe this could turn out to be a major trigger for economic growth.

Trustee Report

Government initiatives in terms of infrastructure development are also likely to encourage higher growth. Massive infrastructure development projects in road building and river linkages are expected to create large demand in the system and generate higher employment. India's biggest bottleneck for growth in the past has been non-availability of good infrastructure. This issue is being gradually addressed. The realisation on the part of the Government that it needs the private sector to participate in growth, and that government should reduce its involvement in non-core areas is, likely to attract increasing Foreign Investments.

As we write, onset of a strong monsoon is expected to spurt the rural economy that employs 54% of the population and is likely to create more purchasing power. This coupled with a low interest rate scenario, will further boost rural demand and we can expect a GDP growth in the region of upwards of 6%, making it one of the fastest growing economies globally. We believe that in the backdrop of such strong domestic demand, Indian stock markets will continue to outperform regional markets. Sectors like Cement, Auto, capital goods, consumer durable and banks are expected to lead the revival.

Performance Review

During the year under review, Deutsche Mutual Fund launched five schemes. The initial Public offer of Deutsche Alpha Equity Fund, Deutsche Premier Bond Fund, Deutsche Short Maturity Fund and Deutsche Insta Cash Plus Fund was open from January 14, 2003 to January 21, 2003 and the fifth scheme Deutsche Fixed Maturity Plan was launched on 26th March 2003. The total assets under management in all the five schemes were Rs.309.79 Crores as at 31st March 2003.

Performance Record

Particulars	Deutsche Alpha Equity Fund	Benchmark Returns – NSE Nifty	Deutsche Premier Bond Fund	Benchmark Returns – Crisil Composite Bond Index
Since Inception	- 7.50 %	- 9.25 %	-1.25%	0.29%
Last One Year	NA	NA	NA	NA
Last Six Months	NA	NA	NA	NA
Last Three Months	NA	NA	NA	NA
Last One Month	- 6.38%	- 8.01 %	-0.44%	0.49%

Particulars	Deutsche Short Maturity Fund	Benchmark Returns – Crisil Liquid Fund Index	Deutsche Insta Cash Plus Fund	Benchmark Returns – Crisil Liquid Fund Index
Since Inception	0.65%	0.82%	1.10%	0.82%
Last One Year	NA	NA	NA	NA
Last Six Months	NA	NA	NA	NA
Last Three Months	NA	NA	NA	NA
Last One Month	0.22%	0.43%	0.51%	0.43%

- Past Performance may or may not be sustained in future and should not be used as basis of comparison with other investments.
- Performances calculated on Growth Plan NAV. Returns do not take into account the entry load.
- Since inception returns are calculated on Rs 10 invested on inception. Inception date is deemed as date of IPO closing for all schemes.

Investment Objectives and Policy of Investment and Schemewise Operation During the Year

Equity Fund:

Deutsche Alpha Equity Fund

The Investment objective of the scheme is to generate long-term capital growth from a diversified portfolio of equity and equity related securities of companies registered in, and/or listed on a regulated market of India. The Scheme will invest in companies across a range of market capitalisations with a preference for medium and large companies. The investment objective is to generate long-term capital growth from an actively managed portfolio of equity and equity related securities.

It is a diversified equity fund launched in January 2003 with Dividend and Growth options. The portfolio was under pressure due to uncertain equity market coupled with weak investor sentiment in view of the Iraq war & SARS in the Far East. The scheme had a corpus of Rs 16.61 Crores as at 31st March 2003.

Trustee Report

Debt Funds:

Deutsche Premier Bond Fund

The investment objective of the Scheme is to provide regular income by investing in debt securities including bonds and money market instruments.

The Scheme was launched in January 2003 with Institutional and Regular Plans and both Dividend (Monthly & Quarterly and Annual -payout / reinvestment) and Growth options. The scheme had a corpus of Rs 137.94 Crores as at 31st March 2003.

Deutsche Short Maturity Fund

The investment objective of the Scheme is to generate steady returns with low to medium market risk for investors by investing in a portfolio of short -medium term debt and money market securities

The Scheme was launched in January 2003 with Dividend (Monthly- payout / reinvestment) and Growth options. The scheme had a corpus of Rs. 71.96 Crores as at 31st March 2003.

Deutsche Insta Cash Plus Fund

The investment objective of the scheme is to generate steady returns with high liquidity by investing in a portfolio of short-term, high quality money market and debt instruments.

The Scheme was launched in January 2003 with Dividend (payout / reinvestment) and Growth options. The scheme had a corpus of Rs. 68.15 Crores as at 31st March 2003.

Deutsche Fixed Maturity Plan

The investment objective of the Scheme is to generate steady returns with low to medium market risk for investors by investing in a portfolio of short -medium term debt and money market securities.

The scheme was launched in March 2003 with Dividend (payout / reinvestment) and Growth options. The scheme had a corpus of Rs. 15.13 Crores as at 31st March 2003.

Statutory Details

The price and redemption value of the units, and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments.

On Written request present and prospective unitholder/investor can obtain a copy of the Trust Deed, the annual report and the text of the relevant schemes. A copy of the Annual report of the AMC shall be provided to the unitholders on request.

Liabilities and Responsibilities of Trustees

The Sponsor has appointed Deutsche Trustees Service (India) Private Limited as the Trustee for the Deutsche Mutual Fund. The Rights, Duties and Responsibilities of the Trustee shall be consistent with the Regulations and the Trust Deed. The Trustee shall discharge such duties and responsibilities as provided in the Regulations and the Trust Deed.

The sponsor is not responsible or liable for any loss resulting from the operation of the schemes beyond the initial contribution of Rs. 1 lakh made by it towards setting up of Deutsche Mutual Fund.

For and On behalf of the Board of Directors,
Deutsche Trustee Services (India) Private Limited
(Trustee to Deutsche Mutual Fund)

Sd/-

Douglas Neilson
Chairman

Place : Mumbai
Date : 26th June 2003

Notes:

- A copy of the Annual Report of the Fund will be posted to all the unit holders.
- The Annual results have been placed by Deutsche Asset Management (India) Pvt. Ltd. before the Board of the Trustee Company and approved by the Trustee Company on 26th, June 2003.

Auditors' Report

To the Trustee

DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – Deutsche Alpha Equity Fund ("The Scheme") as at March 31, 2003 and the related Revenue Account for the period January 14, 2003 to March 31, 2003, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2003 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – Deutsche Alpha Equity Fund as at March 31, 2003 and its net deficit for the period ended on that date.
 - (ii) The Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003, together with the notes thereon have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable.

K. H. Vachha
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 26, 2003

Balance Sheet

as at March 31, 2003

	Schedule	March 31, 2003 Rupees
Assets		
Investments	1	162,136,781
Other Current Assets	2	8,900,088
TOTAL		171,036,869
Liabilities		
Unit Capital	3	179,686,600
Reserves and Surplus	4	(13,544,279)
Current Liabilities and Provisions	5	4,894,548
TOTAL		171,036,869

Reconciliation of Net Asset Value Per Unit

	March 31, 2003		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions)(Note 2.6)	143,921,978	22,220,343	166,142,321
Number of Units in Issue	15,565,558.295	2,403,101.731	
Net Asset Value per Unit	9.25	9.25	

Notes to the Financial Statements 7

The schedules referred to herein form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date.

K. H. VACHHA
Partner

For Deutsche Trustees Service (India)
Private Limited

For Deutsche Asset Management (India)
Private Limited

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Douglas Neilson
Director

M.H. Kania
Director

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

Brian Edwin Scullin
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : June 26, 2003

B. P. Singh
Head - Equity

Revenue Account

for the period January 14, 2003 to March 31, 2003

	Schedule	January 14, 2003 to March 31, 2003 Rupees
Income And Gains		
Interest and Discount	6	1,263,996
TOTAL		1,263,996
Expenses And Losses		
Net Loss on Sale of Investments (Note 2.3)		3,860,379
Investment Management and Advisory Fees (Note 3)		513,446
Trusteeship Fees and Expenses (Note 4)		4,146
Transfer Agent Fees and Expenses		91,963
Custodian Fees and Expenses (Note 5)		327,699
Audit Fees		60,000
Selling and Distribution Expenses		286,816
Initial Issue Expenses (Note 2.5)		3,118,462
Other Operating Expenses		146,109
		8,409,020
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		403,286
TOTAL		8,005,734
Net Deficit for the Period		(6,741,738)
Net Unrealised Depreciation in Value of Investments - Equity Shares		(11,128,209)
Net (Deficit) including Net Unrealised Depreciation in Value of Investments		(17,869,947)

	January 14, 2003 to March 31, 2003		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Net Deficit including Net Unrealised Depreciation in Value of Investments by Plan	(15,842,562)	(2,027,385)	(17,869,947)
Transfer From Dividend Equalisation Reserve (Note 2.8)	4,088,832	214,279	4,303,111
Balance Transferred to Reserve Fund	(11,753,730)	(1,813,106)	(13,566,836)

Notes to the Financial Statements. 7

The Schedules referred to herein form an integral part of the Financial Statements.

This is the Revenue Account referred to in our report of even date.

K. H. VACHHA
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

For Deutsche Trustees Service (India)
Private Limited

Douglas Neilson
Director

Y. B. Desai
Director

Debabrata Bhadury
Director

M.H. Kania
Director

A. S. Mitra
Director

Brian Edwin Scullin
Director

For Deutsche Asset Management (India)
Private Limited

Choy Peng-Wah
Director

Kersi M. Gherda
Director

Vijay P. Gokhale
Director

Sandeep Dasgupta
Director

Dileep Choksi
Director

Carl Saldanha
Director

B. P. Singh
Head - Equity

Place: Mumbai
Date : June 26, 2003

Schedules

forming part of Balance Sheet as at March 31, 2003 and
the Revenue Account for the period January 14, 2003 to March 31, 2003

	March 31, 2003	
	Market Value Rupees	Cost Rupees
Schedule 1		
Investments		
(Notes 2.2, 2.3, 8, 9 and 12)		
(Refer to the attached Statement of Portfolio Holding as at March 31, 2003)		
Equity Shares	162,136,781	173,264,990
	162,136,781	173,264,990

	March 31, 2003 Rupees
Schedule 2	
Other Current Assets	
Balance with Banks in Current Account	6,417,394
Sales Contracts Awaiting Completion - Equity Shares	1,900,900
Receivable from the Investment Manager	403,286
Inter Scheme Receivable for Cash Management Fees	102,294
Tax Deducted at Source	76,214
	8,900,088

	March 31, 2003	
	Rupees	Units
Schedule 3		
Unit Capital		
Growth Plan		
Issued and Subscribed:		
Units of Rs.10 each fully paid up	273,771,925	27,377,192.500
Outstanding:		
Initial issue and subscription	273,771,925	27,377,192.500
Issued during the period	17,823,059	1,782,305.875
	291,594,984	29,159,498.375
Redeemed during the period	135,939,401	13,593,940.080
At the end of the period	155,655,583	15,565,558.295
Dividend Plan		
Issued and Subscribed:		
Units of Rs.10 each fully paid up	38,074,280	3,807,428.000
Outstanding:		
Initial issue and subscription	38,074,280	3,807,428.000
Issued during the period	4,306,737	430,673.731
	42,381,017	4,238,101.731
Redeemed during the period	18,350,000	1,835,000.000
At the end of the period	24,031,017	2,403,101.731
TOTAL	179,686,600	17,968,660.026

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

	March 31, 2003		Total Rupees
	Growth Plan Rupees	Dividend Plan Rupees	
Schedule 4			
Reserves and Surplus			
Unit Premium Reserve (Note 2.7)			
Premium / Discount on Issue / Redemption of units during the period	20,125	2,432	22,557
Dividend Equalisation Reserve (Note 2.8)			
Added during the period	4,088,832	214,279	4,303,111
Transferred to Revenue Account	(4,088,832)	(214,279)	(4,303,111)
At the end of the period	-	-	-
Reserve Fund			
Balance Transferred from Revenue Account [including net unrealised depreciation in value of investments Rs. 11,128,209]	(11,753,730)	(1,813,106)	(13,566,836)
TOTAL	(11,733,605)	(1,810,674)	(13,544,279)

March 31, 2003
Rupees

Schedule 5

Current Liabilities and Provisions

Current Liabilities

Investment Management and Advisory Fees	245,607
Trustee Fees and Expenses	2,003
Transfer Agent Fees and Expenses	45,079
Custodian Fees and Expenses	200,520
Audit Fees	60,000
Purchase Contracts Awaiting Completion - Equity Shares	3,064,611
Redemption of Units	943,000
Selling and Distribution Expenses	47,659
Initial Issue Expenses Payable	177,300
Sundry Payables	108,769
	4,894,548

January 14, 2003
to March 31, 2003
Rupees

Schedule 6

Interest and Discount

(Note 2.4)

Debentures/Bonds	1,153,257
Government of India Securities	38,333
Reverse Repos	4,279
Deposits	67,231
Commercial Paper	896
	1,263,996

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

Schedule 7

Notes to the Financial Statements

1. Organisation

Deutsche Alpha Equity Fund (the "Scheme") is an open-ended scheme of Deutsche Mutual Fund (the "Fund") and was launched on January 14, 2003. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act 1956, has been appointed as the asset management company. The duration of the Scheme is perpetual. The Scheme closed for initial subscription on January 21, 2003 and reopened for issue and redemption of units on January 30, 2003. The investment objective of the Scheme is to generate long term capital growth from investment in a diversified portfolio of equity and equity related securities.

The Scheme has two plans - Growth Plan and Dividend Plan.

The Scheme will not declare dividend under the Growth Plan. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value.

2. Significant Accounting Policies

2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (the "Regulation") and amendments thereto, as applicable.

2.2 Portfolio Valuation

Investments are stated at market / fair value at the Balance Sheet date/date of determination. In valuing the Scheme's investments:

- i. Securities listed on a recognized stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded.

If no sale is reported at that time:

- (a) equity securities are valued at the last quoted closing price when the last quoted closing price is not more than thirty days prior to the valuation date.
- (b) debt securities were valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund on the basis of the yield to maturity of the last quoted closing price when the last quoted closing price is not more than fifteen days prior to the valuation date upto March 9, 2003.

Effective March 10, 2003, debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private limited under procedures approved by the Trustee of Deutsche Mutual Fund.

- ii. Non-traded and thinly traded equity securities, including those not traded within thirty days prior to the valuation date are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India (SEBI).
- iii. Non-traded and thinly traded debt securities, including those not traded within fifteen days prior to the valuation date are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.
- iv. Privately placed equity securities are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of unlisted equity shares for mutual funds dated May 9, 2002 issued by SEBI.
- v. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- vi. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- vii. Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.
- viii. Money market instruments are valued at cost plus accrued interest.

Following the issue of the guidance note on accounting for investments in the financial statements of mutual funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the Regulations) net unrealized appreciation /

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealised appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments.

2.4 Investment Income

Dividend and interest income are recorded on an accrual basis.

2.5 Initial Issue Expenses

Initial issue expenses of upto 1% of the amount mobilised during the initial offer period is being borne by the Scheme. Expenses over and above 1% are being borne by the asset management company

2.6 Net Asset Value for Growth/Dividend Plans

The net asset value of the units of the Scheme is determined separately for the units issued under the Growth and Dividend Plans.

For reporting the net asset value for the Plans, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Plans in proportion to the value of the units outstanding.

2.7 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the dividend equalization reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealised net appreciation in value of investments.

2.8 Dividend Equalisation Reserve

The net distributable income relating to units issued / repurchased is transferred to / from dividend equalization reserve for determining the net surplus / deficit, transferred from / to unit premium reserve.

2.9 Load Charges

Load collected is retained under a separate account in the Scheme and is used to meet the selling and distribution expenses of the Scheme.

3. Investment Management and Advisory Fees

In accordance with the agreement between the "Deutsche Trustee Services (India) Private Limited" (the "Trustee") and "Deutsche Asset Management (India) Private Limited", the Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 1.25% of the average daily net asset values recorded by the Scheme up to Rs.100 crores and at an annual rate of 1% of the excess over Rs.100 crores. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees.

4. Trusteeship Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited ("The Settlor") and the "Trustee", the Fund has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme subject to a maximum of Rs.500,000 per annum.

5. Custodian Fees

JPMorgan Chase Bank provides custodial services to the Scheme for which it receives custody fees.

6. Income Taxes

No provision for taxation has been made as the Scheme qualifies as a recognised mutual fund under Section 10(23D) of the Income Tax Act, 1961. For taxes deducted at source from the investment income, which are recoverable, a receivable is recorded in the books of account.

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

7. Limitation on Expenses

In accordance with Regulation 52(6) of the Regulations, Deutsche Asset Management (India) Private Limited has borne Rs. 403,286 which is in excess of 2.5% of the average daily net assets allowable to be charged to the Scheme as total expenses for the period.

8. Aggregate Appreciation and Depreciation In Value of Investments

Aggregate appreciation and depreciation in value of investments is as follows:

	March 31, 2003 (Rupees)
Equity Shares	
– Appreciation	1,185,750
– Depreciation	12,313,959

9. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial period are Rs.525,546,018 (excluding accretion of discount Rs. 896) and Rs. 348,421,544 respectively being 213.83 % and 141.96 % of the average daily net assets.

10. Income and Expenses

The total income (including net loss on sale of investments and net unrealized depreciation in the value of investments) and expenditure (excluding initial issue expenses) is Rs. (13,724,592) and Rs. 1,026,893 respectively being (33.41%) and 2.50% (annualized) of average daily net assets.

11. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended

Deutsche Bank AG, Mumbai Branch, an associate entity of Deutsche Asset Management (India) Private Limited was paid commission amounting to Rs.1.96 Lakhs for procuring unit subscriptions for the Scheme. The commission was at rates similar to those offered to other distributors.

12. Disclosure Under Regulation 25 (11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Deutsche Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any Scheme of Deutsche Mutual Fund.

Company Name	Scheme invested in by the Company	Investments made by Schemes of Deutsche Mutual Fund in the Company/Subsidiary	
		Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2003 At Market / Fair Value (Rupees in lakhs)
HCL Technologies Limited	Deutsche Short Maturity Fund	22.99	22.73
The Tata Iron and Steel Co. Ltd.	Deutsche Premier Bond Fund	103.89	60.19
The Associated Cement Companies Ltd.	Deutsche Insta Cash Plus Fund	107.51	–
Larsen & Toubro Ltd.	Deutsche Alpha Equity Fund Deutsche Premier Bond Fund	622.88	73.86
TOTAL		857.27	156.78

The investments comprise equity, debt and money market instruments. Deutsche Asset Management (India) Private Limited is of the opinion that the said companies are fundamentally strong and possess a high potential for growth and are market leaders in their respective fields. Accordingly, investments were made in the said companies.

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

13. Perspective Historical Per Unit Statistics*

	January 14, 2003 to March 31, 2003 Rupees	
	Growth Plan	Dividend Plan
(a) Net asset value per unit at the end of the period (Note 2.6)	9.25	9.25
(b) Gross Income		
(i) income other than profit on sale of investment	0.07	0.07
(ii) income from profit on inter scheme sales/transfer of investment	0.00	0.00
(iii) income (net) from profit on sale of investments to third party	(0.21)	(0.23)
(iv) transfer to revenue account from past year's reserve	N.A.	N.A.
(c) Aggregate of expenses, writeoff, amortisation and charges	0.24	0.20
(d) Net income	(0.38)	(0.36)
(e) Net unrealised appreciation / (depreciation) in value of investments	(0.64)	(0.49)
(f) Redemption price		
– Highest	9.86	9.86
– Lowest	9.34	9.44
(g) Purchase price		
– Highest	10.13	10.12
– Lowest	9.25	9.39
(h) Price earnings ratio	N.A.	N.A.
(i) Ratio of expenses (excluding initial issue expenses) to average daily net assets by percentage @	2.50%	2.50%
(j) Ratio of gross income (including net loss on sale of investments and net unrealised depreciation in value of investments) to average daily net assets by percentage @	(33.41%)	(33.41%)

* The above per unit calculations are based on the number of units in issue at the end of the financial period

@ The ratio of expenses and gross income to average daily net assets by percentage has been annualised for the period January 30, 2003 to March 31, 2003.

14. Prior Year's Figures

As these are the first financial statements of the Scheme since the date of its commencement, there are no comparative figures.

Signatures to the Schedules 1 to 7 forming part of the Balance Sheet and the Revenue Account

K. H. VACHHA
Partner

For Deutsche Trustees Service (India)
Private Limited

For Deutsche Asset Management (India)
Private Limited

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Douglas Neilson
Director

M.H. Kania
Director

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

Brian Edwin Scullin
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : June 26, 2003

B. P. Singh
Head - Equity



Statement of Portfolio Holding

as at March 31, 2003

(Referred to in Schedule 1 to the Balance Sheet as at March 31,2003 and the Revenue Account for the period January 14, 2003 to March 31,2003)

	Quantity	Market Value Rupees
Equity Shares (100%)		
Automobile Manufacturers (8.18%)		
Mahindra & Mahindra Limited	55,000	5,472,500
Tata Engineering and Locomotive Company Limited	50,000	7,782,500
		13,255,000
Banking (12.57%)		
ICICI Bank	50,000	6,697,500
State Bank of India	50,700	13,683,930
		20,381,430
Commodity Chemicals (4.09%)		
Reliance Industries	24,000	6,634,800
		6,634,800
Construction & Engineering (4.56%)		
Larsen & Toubro Limited	40,000	7,386,000
		7,386,000
Electric Utilities (1.75%)		
BSES Limited	13,197	2,842,634
		2,842,634
Heavy Electrical Equipment (7.19%)		
Bharat Heavy Electricals Limited	52,200	11,661,480
		11,661,480
Household Products (4.11%)		
Hindustan Lever Limited	45,000	6,657,750
		6,657,750
Integrated Telecommunication Services (2.76%)		
Mahanagar Telephone Nigam Limited	46,615	4,477,371
		4,477,371
IT Consulting & Services (17.20%)		
HCL Technologies Limited @	15,000	2,273,250
Hughes Software Systems Limited	10,000	1,761,500
Infosys Technologies Limited	3,000	12,120,900
Satyam Computer Services Limited	42,000	7,431,900
Wipro Limited	3,500	4,299,225
		27,886,775
Motorcycle Manufacturers (8.72%)		
Bajaj Auto Limited	22,214	10,654,945
Hero Honda Motors Limited	18,500	3,485,400
		14,140,345
Oil & Gas Refining & Marketing (9.08%)		
Hindustan Petroleum Corporation Limited	50,000	14,717,500
		14,717,500
Packaged Foods (2.64%)		
Nestle India Limited	8,000	4,278,000
		4,278,000
Pharmaceuticals (8.84%)		
Ranbaxy Laboratories Limited	22,960	14,336,224
		14,336,224
Steel (3.71%)		
The Tata Iron and Steel Company Ltd. @	45,000	6,018,750
		6,018,750
Tobacco (4.60%)		
ITC Limited	11,855	7,462,722
		7,462,722
TOTAL INVESTMENTS	(Cost Rs.173,264,990)	162,136,781

Confirmation has been received from J P Morgan Chase Bank at the financial period end of the investments held by them.

@ Investments in companies which have invested more than five percent of the net asset value of any scheme of Deutsche Mutual Fund.

Auditors' Report

To the Trustee

DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – Deutsche Premier Bond Fund ("The Scheme") as at March 31, 2003 and the related Revenue Account for the period January 14, 2003 to March 31, 2003, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2003 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – Deutsche Premier Bond Fund as at March 31, 2003 and its net deficit for the period ended on that date.
 - (ii) The Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003, together with the notes thereon have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable.
 - (iii) The methods used to value privately securities as at March 31, 2003 as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 26, 2003

Balance Sheet

as at March 31, 2003

	Schedule	March 31, 2003 Rupees
Assets		
Investments	1	1,416,537,580
Other Current Assets	2	32,488,092
TOTAL		1,449,025,672
Liabilities		
Unit Capital	3	1,395,402,382
Reserves and Surplus	4	(16,043,139)
Current Liabilities and Provisions	5	69,666,429
TOTAL		1,449,025,672

Reconciliation of Net Asset Value Per Unit

	Institutional Plan				Regular Plan				March 31, 2003	
	March 31, 2003				March 31, 2003					
	Growth Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees		Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	1,040,829,017	19,774,487	74,335,000	1,134,938,504	213,687,245	6,762,304	9,509,475	14,461,715	244,420,739	1,379,359,243
Number of Units in Issue	105,270,198.287	2,000,000.000	7,518,246.986		21,639,455.306	684,799.879	963,040.285	1,464,497.373		
Net Asset Value per Unit	9.8872	9.8872	9.8873		9.8749	9.8749	9.8744	9.8749		

Notes to the Financial Statements 8

The schedules referred to herein form an integral part of the Financial Statements .

This is the Balance Sheet referred to in our report of even date.

K. H. VACHHA
Partner

For Deutsche Trustees Service (India)
Private Limited

For Deutsche Asset Management (India)
Private Limited

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Douglas Neilson
Director

M. H. Kania
Director

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

Brian Edwin Scullin
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : June 26, 2003

Suresh Soni
Head - Fixed Income

Revenue Account

for the period January 14, 2003 to March 31, 2003

January 14, 2003
to March 31, 2003
Rupees

Schedule

Income And Gains

Interest and Discount	6	19,624,424
TOTAL		19,624,424

Expenses And Losses

Net Loss on Sale of Investments (Including Net Loss on Inter - Scheme Sale of Investments Rs. 1,834) (Note 2.3)		38,363,413
Investment Management and Advisory Fees (Note 3)		956,795
Trusteeship Fees and Expenses (Note 4)		23,265
Transfer Agents Fees and Expenses		282,114
Custodian Fees and Expenses (Note 5)		254,887
Audit Fees		60,000
Selling and Distribution Expenses		1,499,392
Other Operating Expenses		423,270
		41,863,136
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		867,997
TOTAL		40,995,139

Net Deficit for the Period (21,370,715)

Net Unrealised Appreciation in Value of Investments 8 1,739,952

Net Deficit including Net Unrealised Appreciation in Value of Investments (19,630,763)

	Institutional Plan				Regular Plan					January 14, 2003 to March 31, 2003
	January 14, 2003 to March 31, 2003				January 14, 2003 to March 31, 2003					
	Growth Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	
Net Deficit including Net Unrealised Appreciation in Value of Investments by Option	(15,459,208)	(225,513)	(665,000)	(16,349,721)	(2,780,299)	(83,794)	(238,664)	(178,285)	(3,281,042)	(19,630,763)
Transfer from Dividend Equalisation Reserve (Note 2.7)	3,595,175	-	(182,470)	3,412,705	71,053	(1,954)	117,264	(4,974)	181,389	3,594,094
Balance transferred to Reserve Fund	(11,864,033)	(225,513)	(847,470)	(12,937,016)	(2,709,246)	(85,748)	(121,400)	(183,259)	(3,099,653)	(16,036,669)

Notes to the Financial Statements 7

The Schedules referred to herein form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date.

K. H. VACHHA
Partner
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

For Deutsche Trustees Service (India)
Private Limited

Douglas Neilson
Director
Y. B. Desai
Director
Debabrata Bhadury
Director

M. H. Kania
Director
A. S. Mitra
Director
Brian Edwin Scullin
Director

For Deutsche Asset Management (India)
Private Limited

Choy Peng-Wah
Director
Kersi M. Gherda
Director
Vijay P. Gokhale
Director
Suresh Soni
Head - Fixed Income

Sandeep Dasgupta
Director
Dileep Choksi
Director
Carl Saldanha
Director

Place: Mumbai
Date : June 26, 2003

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

	March 31, 2003	
	Market/Fair Value Rupees	Cost Rupees
Schedule 1		
Investments		
(Notes 2.2, 2.3, 8, 9, 10, 11 and 14)		
(Refer to the attached Statement of Portfolio Holding as at March 31, 2003)		
Privately Placed Non-Convertible Debentures / Bonds	735,476,337	739,039,497
Non-Convertible Debentures / Bonds Listed / Awaiting Listing	48,985,600	48,598,650
Government of India Securities	622,729,900	617,813,738
Certificate of Deposit	9,345,743	9,345,743
	1,416,537,580	1,414,797,628

	March 31, 2003 Rupees	
Schedule 2		
Other Current Assets		
Balances with Banks in Current Account		4,910,986
Interest Receivables on :		
– Debentures / Bonds		13,443,679
– Government of India Securities		13,265,430
Receivable from Investment Manager		867,997
		32,488,092

	March 31, 2003	
	Rupees	Units
Schedule 3		
Unit Capital		
Institutional Plan		
Growth Option		
Issued and Subscribed		
Units of Rs.10 each fully paid up	1,150,000,000	115,000,000.000
Outstanding		
Initial Issue and Subscription	1,150,000,000	115,000,000.000
Issued during the period	418,063,711	41,806,371.079
	1,568,063,711	156,806,371.079
Redeemed during the period	515,361,728	51,536,172.792
At the end of the period	1,052,701,983	105,270,198.287
Quarterly Dividend Option		
Issued and Subscribed		
Units of Rs.10 each fully paid up	20,000,000	2,000,000.000
Outstanding		
Initial Issue and Subscription	20,000,000	2,000,000.000
Issued during the period	-	-
	20,000,000	2,000,000.000
Redeemed during the period	-	-
At the end of the period	20,000,000	2,000,000.000

Schedules

forming part of Balance Sheet as at March 31, 2003 and
the Revenue Account for the period January 14, 2003 to March 31, 2003

	March 31, 2003	
	Rupees	Units
Monthly Dividend Option		
Issued and Subscribed		
Units of Rs.10 each fully paid up	65,000,000	6,500,000.000
Outstanding		
Initial Issue and Subscription	65,000,000	6,500,000.000
Issued during the period	10,182,470	1,018,246.986
	75,182,470	7,518,246.986
Redeemed during the period	–	–
At the end of the period	75,182,470	7,518,246.986
TOTAL	1,147,884,453	114,788,445.273
Regular Plan		
Growth Option		
Issued and Subscribed		
Units of Rs.10 each fully paid up	216,554,198	21,655,419.800
Outstanding		
Initial Issue and Subscription	216,554,198	21,655,419.800
Issued during the period	20,504,442	2,050,444.194
	237,058,640	23,705,863.994
Redeemed during the period	20,664,087	2,066,408.688
At the end of the period	216,394,553	21,639,455.306
Annual Dividend Option		
Issued and Subscribed		
Units of Rs.10 each fully paid up	6,781,098	678,109.800
Outstanding		
Initial Issue and Subscription	6,781,098	678,109.800
Issued during the period	66,901	6,690.079
	6,847,999	684,799.879
Redeemed during the period	–	–
At the end of the period	6,847,999	684,799.879
Quarterly Dividend Option		
Issued and Subscribed		
Units of Rs.10 each fully paid up	13,553,150	1,355,315.000
Outstanding		
Initial Issue and Subscription	13,553,150	1,355,315.000
Issued during the period	1,639,253	163,925.285
	15,192,403	1,519,240.285
Redeemed during the period	5,562,000	556,200.000
At the end of the period	9,630,403	963,040.285
Monthly Dividend Option		
Issued and Subscribed		
Units of Rs.10 each fully paid up	14,533,000	1,453,300.000
Outstanding		
Initial Issue and Subscription	14,533,000	1,453,300.000
Issued during the period	111,974	11,197.373
	14,644,974	1,464,497.373
Redeemed during the period	–	–
At the end of the period	14,644,974	1,464,497.373
TOTAL	247,517,929	24,751,792.843
TOTAL	1,395,402,382	139,540,238.116

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

	Institutional Plan				Regular Plan					March 31, 2003
	March 31, 2003				March 31, 2003					
	Growth Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Total Rupees
Schedule 4										
Reserves and Surplus										
Unit Premium Reserve (Note 2.6)										
Premium / Discount on Issue / Redemption of units during the period	(8,933)	-	-	(8,933)	1,938	53	472	-	2,463	(6,470)
Dividend Equalisation Reserve (Note 2.7)										
Added during the period	3,595,175	-	(182,470)	3,412,705	71,053	(1,954)	117,264	(4,974)	181,389	3,594,094
Transfer to Revenue Account	(3,595,175)	-	182,470	(3,412,705)	(71,053)	1,954	(117,264)	4,974	(181,389)	(3,594,094)
At the end of the period	-	-	-	-	-	-	-	-	-	-
Reserve Fund										
Balance Transferred from Revenue Account [Including net unrealised appreciation in value of investments Rs.17,39,952]	(11,864,033)	(225,513)	(847,470)	(12,937,016)	(2,709,246)	(85,748)	(121,400)	(183,259)	(3,099,653)	(16,036,669)
TOTAL	(11,872,966)	(225,513)	(847,470)	(12,945,949)	(2,707,308)	(85,695)	(120,928)	(183,259)	(3,097,190)	(16,043,139)

March 31, 2003
Rupees

Schedule 5

Current Liabilities and Provisions

Current Liabilities

Investment Management and Advisory Fees	476,911
Trusteeship Fees and Expenses	11,627
Transfer Agent Fees and Expenses	146,229
Custodian Fees and Expenses	126,526
Audit Fees	60,000
Selling and Distribution Expenses	884,897
Purchase Contracts Awaiting Completion - Government of India Securities	67,084,653
Inter Scheme Payable for Cash Management Fees	36,619
Sundry Payables	838,967
	69,666,429

Schedules

forming part of Balance Sheet as at March 31, 2003 and
the Revenue Account for the period January 14, 2003 to March 31, 2003

January 14, 2003
to March 31, 2003
Rupees

Schedule 6

Interest and Discount

(Note 2.4)

Debentures/Bonds		7,990,578
Government of India Securities		11,042,661
Reverse Repos		59,454
Deposits		298,987
Commercial Paper / Certificate of Deposit		232,744
		19,624,424

January 14, 2003
to March 31, 2003
Rupees

Schedule 7

Unrealised Appreciation / (Depreciation) in Value of Investments

(Note 8)

(a) Privately Placed Non-Convertible Debentures / Bonds			
At beginning of period			–
Net movement during the period	(I)		(3,563,160)
At end of period			(3,563,160)
(b) Non-Convertible Debentures / Bonds Listed / Awaiting Listing			
At beginning of period			–
Net movement during the period			386,950
At end of period	(II)		386,950
(c) Government of India Securities			
At beginning of period			–
Net movement during the period	(III)		4,916,162
At end of period			4,916,162
Net movement in unrealised appreciation / (depreciation) in value of investments during the period	(I)+(II)+(III)		1,739,952

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

Schedule 8

Notes to the Financial Statements

1. Organisation

Deutsche Premier Bond Fund (the "Scheme") is an open-ended income scheme of Deutsche Mutual Fund (the "Fund") and was launched on January 14, 2003. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act 1956, has been appointed as the asset management company. The duration of the Scheme is perpetual. The Scheme closed for initial subscription on January 21, 2003 and reopened for issue and redemption of units on January 30, 2003. The investment objective of the Scheme is to provide regular income by investing in debt securities including bonds and money market instruments.

The Scheme has two Plans - Institutional Plan and Regular Plan each offering four options - Growth Option, Annual Dividend Option, Quarterly Dividend Option and Monthly Dividend Option.

The Scheme will not declare dividend under the Growth Option of both the Plans. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value.

2. Significant Accounting Policies

2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (the "Regulation") and amendments thereto, as applicable.

2.2 Portfolio Valuation

Investments are stated at market/fair value at the Balance Sheet date/date of determination. In valuing the Scheme's investments:

- i. Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded.
If no sale is reported at that time:
 - Debt securities were valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund on the basis of the yield to maturity of the last quoted closing price when the last quoted closing price is not more than fifteen days prior to the valuation date upto March 9, 2003.
 - Effective March 10, 2003, debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- ii. Non-traded and thinly traded debt securities, including those not traded within fifteen days prior to the valuation date are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India (SEBI).
- iii. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund
- iv. Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.
- v. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- vi. Money market instruments are valued at cost plus accrued interest.

Following the issue of the guidance note on accounting for investments in the financial statements of mutual funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealised appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments.

2.4 Investment Income

Interest income is recorded on an accrual basis.

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

2.5 Net Asset Value for Growth/Dividend Options

The net asset value of the units of the Scheme is determined separately for the units issued under the Growth and Dividend Options for the Institutional and Regular Plans.

For reporting the net asset value for the Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Options in proportion to the value of the units outstanding.

2.6 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the dividend equalization reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealized net appreciation in value of investments.

2.7 Dividend Equalization Reserve

The net distributable income relating to units issued/repurchased is transferred to/from dividend equalization reserve for determining the net surplus/deficit, transferred from/to unit premium reserve.

2.8 Load Charges

Load collected is retained under a separate account in the Scheme and is used to meet selling and distribution expenses of the Scheme.

3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 0.35% and 0.70% of the average daily net asset values of the Institutional Plan and Regular Plan respectively recorded by the Scheme. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees.

4. Trusteeship Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited ("The Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Fund has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme subject to a maximum of Rs. 500,000 per annum.

5. Custodian Fees

JPMorgan Chase Bank provides custodial services to the Scheme for which it receives custody fees.

6. Income Taxes

No provision for taxation has been made as the Scheme qualifies as a recognized mutual fund under Section 10(23D) of the Income Tax Act, 1961 of India. For taxes deducted at source from the investment income, which are recoverable, a receivable is recorded in the books of account.

7. Limitation on Expenses

In accordance with the Offer Document dated November 11, 2002 the total expenses chargeable to the Scheme is limited to 1.00% and 1.75% of the average daily net assets of the Institutional Plan and Regular Plan respectively. Deutsche Asset Management (India) Private Limited has borne Rs. 867,997 in excess of the above mentioned percentage of the average daily net assets allowable to be charged to the Scheme as total expenses for the period.

8. Aggregate Appreciation and Depreciation in Value of Investments

Aggregate appreciation and depreciation in value of investments is as follows :

	March 31, 2003 (Rupees)
Privately Placed Non-Convertible Debentures/Bonds	
– Appreciation	1,489,116
– Depreciation	5,052,276
Debentures and Bonds Listed / Awaiting Listing	
– Appreciation	386,950
– Depreciation	–
Government of India Securities	
– Appreciation	5,543,662
– Depreciation	627,500

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

9. Registered Securities

In accordance with Regulation 44(1) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, securities purchased should be held in the name of the Scheme. As at March 31, 2003 securities aggregating to Rs. 622,729,900 (market value) are held in the name of Deutsche Mutual Fund.

10. Aggregate Fair Value of Privately Placed Investments

Aggregate fair value of privately placed investments as determined in good faith by Deutsche Asset Management (India) Private Limited under the procedures approved by the Trustee as at March 31, 2003 is Rs. 744,822,080.

11. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial period are Rs. 8,051,864,610 (excluding amortisation of premium Rs. 353,426) and Rs. 6,599,056,995 respectively being 578.58% and 474.18% of the average daily net assets.

12. Income and Expenses

The total income (including net loss on sale of investments and net unrealized appreciation in value of investments) and expenditure during the period are :

Plan	Total Income		Total Expenditure	
	Rupees	Percentage of Average Daily Net Assets *	Rupees	Percentage of Average Daily Net Assets
Institutional Plan	(14,431,826)	(7.52)%	1,918,195	1.00%
Regular Plan	(2,567,211)	(6.29)%	713,534	1.75%

* Annualised

13. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulation, 1996 as amended

Deutsche Bank AG, Mumbai Branch, an associate entity of Deutsche Asset Management (India) Private Limited was paid commission amounting to Rs. 5.13 Lakhs for procuring unit subscriptions for the Scheme. The commission was at rates similar to those offered to other distributors.

14. Disclosure Under Regulation 25 (11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Deutsche Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any scheme of Deutsche Mutual Fund.

Company Name	Scheme invested in by the Company	Investments made by Schemes of Deutsche Mutual Fund in the Company/Subsidiary	
		Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2003 At Market / Fair Value (Rupees in lakhs)
HCL Technologies Limited	Deutsche Short Maturity Fund	22.99	22.73
The Tata Iron and Steel Co. Ltd	Deutsche Premier Bond Fund	103.89	60.19
The Associated Cement Companies Ltd.	Deutsche Insta Cash Plus Fund	107.51	–
Larsen & Toubro Ltd.	Deutsche Alpha Equity Fund Deutsche Premier Bond Fund	622.88	73.86
TOTAL		857.27	156.78

The investments comprise equity, debt and money market instruments. Deutsche Asset Management (India) Private Limited is of the opinion that the said companies are fundamentally strong and possess a high potential for growth and are market leaders in their respective fields. Accordingly, investments were made in the said companies.

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

15. Perspective Historical Per Unit Statistics*

	Institutional Plan			Regular Plan			
	January 14, 2003 to March 31, 2003			January 14, 2003 to March 31, 2003			
	Growth Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees
(a) Net asset value per unit at the end of the period (Note 2.6)	9.8872	9.8872	9.8873	9.8749	9.8749	9.8744	9.8749
(b) Gross Income							
(i) income other than profit on sale of investment	0.1458	0.1237	0.1054	0.1310	0.1216	0.1507	0.1215
(ii) income from profit on inter scheme sales/transfer of investment.	(0.0000)#	(0.0000)#	(0.0000)#	(0.0000)#	(0.0000)#	(0.0000)#	(0.0000)#
(iii) income (net) from profit on sale of investments to third party	(0.2849)	(0.2417)	(0.2060)	(0.2560)	(0.2377)	(0.2946)	(0.2375)
(iv) transfer of revenue account from past year's reserve	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(c) Aggregate of expenses, writeoff, amortisation and charges	0.0169	0.0163	0.0143	0.0289	0.0283	0.0289	0.0284
(d) Net income	(0.1561)	(0.1344)	(0.1149)	(0.1539)	(0.1444)	(0.1728)	(0.1444)
(e) Net unrealised appreciation / (depreciation) in value of investments	0.0092	0.0216	0.0265	0.0254	0.0221	(0.0750)	0.0227
(f) Redemption price							
– Highest	9.8872	-	-	9.9875	-	9.7068	-
– Lowest	9.6509	-	-	9.9853	-	9.5016	-
(g) Purchase price							
– Highest	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000
– Lowest	9.7411	10.0000	9.8208	9.5493	9.7072	9.5493	9.5493
(h) Price earnings ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(i) Ratio of expenses to daily average net assets by percentage @	1.00%	1.00%	1.00%	1.75%	1.75%	1.75%	1.75%
(j) Ratio of gross income (including net loss on sale of investments and net unrealised appreciation in value of investments) to daily average net assets by percentage @	(7.52%)	(7.52%)	(7.52%)	(6.29%)	(6.29%)	(6.29%)	(6.29%)

* The above per unit calculations are based on the number of units in issue at the end of the financial period.

Below 0.01 per unit

@ The ratio of expenses and gross income to average daily net assets by percentage has been annualised for the period January 30, 2003 to March 31, 2003.

16. Prior Year's Figures

As these are the first financial statements of the Scheme since the date of its commencement, there are no comparative figures.

Signatures to the Schedules 1 to 8 forming part of the Balance Sheet and the Revenue Account

K. H. VACHHA <i>Partner</i>	For Deutsche Trustees Service (India) Private Limited		For Deutsche Asset Management (India) Private Limited	
For and on behalf of PRICE WATERHOUSE <i>Chartered Accountants</i>	Douglas Neilson <i>Director</i>	M. H. Kania <i>Director</i>	Choy Peng-Wah <i>Director</i>	Sandeep Dasgupta <i>Director</i>
	Y. B. Desai <i>Director</i>	A. S. Mitra <i>Director</i>	Kersi M. Gherda <i>Director</i>	Dileep Choksi <i>Director</i>
	Debabrata Bhadury <i>Director</i>	Brian Edwin Scullin <i>Director</i>	Vijay P. Gokhale <i>Director</i>	Carl Saldanha <i>Director</i>
Place: Mumbai Date : June 26, 2003			Suresh Soni <i>Head - Fixed Income</i>	

Statement of Portfolio Holding

as at March 31, 2003

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003)

	Market / Fair Value Rupees
Privately Placed Non-Convertible Debentures/Bonds (51.92%)	
Apparel and Accessories (6.64%)	
6.10 % Raymonds Ltd. 2008 *	48,826,412
	48,826,412
Banking (16.80%)	
11.15 % Standard Chartered Grindlays Bank 2010 *	123,552,176
	123,552,176
Commodity Chemicals (7.36%)	
9.60% Indian Petrochemicals Company Limited 2007 *	54,096,150
	54,096,150
Diversified Financial Services (19.00%)	
8.40% IRFC 2007 *	53,262,111
7.75% IDBI 2005 *	32,050,097
9.75 % ICICI Securities 2007 *#	54,396,900
	139,709,108
Non-Banking Finance Corporation (6.75%)	
6.70 % Citicorp Finance India Ltd. 2005 *	49,643,600
	49,643,600
Power (27.19%)	
7.70% NHPC 2018 *	200,000,000
	200,000,000
Oil & Gas Refining & Marketing (9.30%)	
11.50% Reliance Petroleum 2006 *	55,871,250
12.75% Reliance Petroleum 2009 *	12,500,773
	68,372,023
Telecommunications Equipment (6.96%)	
8.15% Finolex Cables Ltd. 2005 *	51,276,868
	51,276,868
TOTAL	(Cost Rs. 739,039,497) 735,476,337
Non-Convertible Debentures/Bonds Listed/Awaiting Listing (3.46%)	
Banking (100%)	
6.25% Exim Bank 2007	48,985,600
TOTAL	(Cost Rs. 48,598,650) 48,985,600
Government of India Securities (43.96%)	
7.55% Government of India 2010	54,000,000
11.30% Government of India 2010	128,509,900
9.39% Government of India 2011	120,270,000
9.40% Government of India 2012	60,825,000
9.85% Government of India 2015	65,000,000
10.71% Government of India 2016	68,150,000
8.07% Government of India 2017	57,475,000
10.25% Government of India 2021	68,500,000
TOTAL	(Cost Rs. 617,813,738) 622,729,900
Certificate of Deposit (0.66%)	
ICICI Bank 2004 *	9,345,743
TOTAL	(Cost Rs. 9,345,743) 9,345,743
TOTAL INVESTMENTS	(Cost Rs. 1,414,797,628) 1,416,537,580

Confirmation has been received from J P Morgan Chase Bank at the end of the financial period of the investments held by them including securities held in the constituent subsidiary general ledger (SGL) account.

Permitted to trade on the National Stock Exchange of India Limited

* Fair value of private placed securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

Auditors' Report

To the Trustee

DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – Deutsche Short Maturity Fund ("The Scheme") as at March 31, 2003 and the related Revenue Account for the period January 14, 2003 to March 31, 2003, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2003 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – Deutsche Short Maturity Fund as at March 31, 2003 and its net surplus for the period ended on that date.
 - (ii) The Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003, together with the notes thereon have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable.
 - (iii) The methods used to value privately securities as at March 31, 2003 as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 26, 2003

Balance Sheet

as at March 31, 2003

	Schedule	March 31, 2003 Rupees
Assets		
Investments	1	587,473,743
Deposits	2	120,000,000
Other Current Assets	3	13,395,533
TOTAL		720,869,276
Liabilities		
Unit Capital	4	715,005,558
Reserves and Surplus	5	4,621,730
Current Liabilities and Provisions	6	1,241,988
TOTAL		720,869,276

Reconciliation of Net Asset Value Per Unit

	March 31, 2003		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	709,793,627	9,833,661	719,627,288
Number of Units in Issue	70,523,241.471	977,314.265	
Net Asset Value per Unit	10.0647	10.0619	

Notes to the Financial Statements. 9

The schedules referred to herein form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date.

K. H. VACHHA
Partner

For Deutsche Trustees Service (India)
Private Limited

For Deutsche Asset Management (India)
Private Limited

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Douglas Neilson
Director

M. H. Kania
Director

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

Brian Edwin Scullin
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : June 26, 2003

Suresh Soni
Head - Fixed Income

Revenue Account

for the period January 14, 2003 to March 31, 2003

January 14, 2003
to March 31, 2003
Rupees

	Schedule	
Income And Gains		
Interest and Discount (Note 2.4)	7	17,991,072
TOTAL		17,991,072
Expenses And Losses		
Net Loss on Sale of Investments (Including Net Loss on Inter - Scheme Sale of Investments Rs 1,589,459) (Note 2.3)		9,319,578
Investment Management and Advisory Fees (Note 3)		785,975
Trusteeship Fees and Expenses (Note 4)		22,857
Transfer Agent Fees and Expenses		200,956
Custodian Fees & Expenses (Note 5)		149,308
Audit Fees		60,000
Selling and Distribution Expenses		1,226,606
Other Operating Expenses		265,050
		12,030,330
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		689,674
TOTAL		11,340,656
Net Surplus for the Period		6,650,416
Net Unrealised Depreciation in Value of Investments	8	(3,050,490)
Net Surplus including Net Unrealised Depreciation in Value of Investments		3,599,926

January 14, 2003 to March 31, 2003

	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Net Surplus including Net Unrealised Depreciation in Value of Investments by Plan	3,774,949	(175,023)	3,599,926
Transfer from Dividend Equalisation Reserve (Note 2.7)	(1,794,340)	5,641,156	3,846,816
Balance Transferred to Reserve Fund	1,980,609	5,466,133	7,446,742

Notes to the Financial Statements. 9

The schedules referred to herein form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date.

K. H. VACHHA
Partner

For Deutsche Trustees Service (India)
Private Limited

For Deutsche Asset Management (India)
Private Limited

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Douglas Neilson
Director

M. H. Kania
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Brian Edwin Scullin
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai

Date : June 26, 2003

Suresh Soni

Head - Fixed Income



Schedules

forming part of Balance Sheet as at March 31, 2003 and
the Revenue Account for the period January 14, 2003 to March 31, 2003

	March 31, 2003	
	Market / Fair Value Rupees	Cost Rupees
Schedule 1		
Investments		
(Notes 2.2, 2.3, 8, 9, 10 and 13)		
(Refer to the attached Statement of Portfolio Holding as at March 31, 2003)		
Privately Placed Non-Convertible Debentures / Bonds	496,593,997	499,641,987
Non-Convertible Debentures / Bonds Listed / Awaiting Listing	51,888,600	51,891,100
Commercial Paper / Certificate of Deposit	38,991,146	38,991,146
	587,473,743	590,524,233

	March 31, 2003 Rupees
Schedule 2	
Deposits	
Deposits with Scheduled Banks	120,000,000
	120,000,000

	March 31, 2003 Rupees
Schedule 3	
Other Current Assets	
Balances with Banks in Current Account	2,954,967
Interest Receivables on :	
– Debentures / Bonds	8,219,494
– Deposits	1,531,398
Receivable from Investment Manager	689,674
	13,395,533

	March 31, 2003	
	Rupees	Units
Schedule 4		
Unit Capital		
Growth Plan		
Issued and Subscribed		
Units of Rs.10 each fully paid up	2,112,481,400	211,248,140.000
Outstanding :		
Initial Issue and Subscription	2,112,481,400	211,248,140.000
Issued during the period	61,173,751	6,117,375.058
	2,173,655,151	217,365,515.058
Redeemed during the period	1,468,422,736	146,842,273.587
At the end of the period	705,232,415	70,523,241.471

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

	March 31, 2003	
	Rupees	Units
Dividend Plan		
Issued and Subscribed:		
Units of Rs.10 each fully paid up	107,873,000	10,787,300.000
Outstanding :		
Initial Issue and Subscription	107,873,000	10,787,300.000
Issued during the period	2,050,143	205,014.265
	109,923,143	10,992,314.265
Redeemed during the period	100,150,000	10,015,000.000
At the end of the period	9,773,143	977,314.265
TOTAL	715,005,558	71,500,555.736

	March 31, 2003		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Schedule 5			
Reserves and Surplus			
Unit Premium Reserve (Note 2.6)			
Premium / Discount on Issue / Redemption of units during the period	2,580,603	(5,405,615)	(2,825,012)
Dividend Equalisation Reserve (Note 2.7)			
Added during the period	(1,794,340)	5,641,156	3,846,816
Transfer to Revenue Account	1,794,340	(5,641,156)	(3,846,816)
At the end of the period	–	–	–
Reserve Fund			
Balance Transferred from Revenue Account [including net unrealised depreciation in value of investments Rs. 3,050,490]	1,980,609	5,466,133	7,446,742
TOTAL	4,561,212	60,518	4,621,730

March 31, 2003
Rupees

Schedule 6

Current Liabilities and Provisions

Current Liabilities

Investment Management and Advisory Fees	258,075
Trusteeship Fees and Expenses	7,774
Transfer Agent Fees and Expenses	80,888
Custodian Fees and Expenses	48,572
Audit Fees	60,000
Selling and Distribution Expenses	495,721
Inter Scheme Payable for Cash Management Fees	53,202
Sundry Payables	237,756
	1,241,988

Schedules

forming part of Balance Sheet as at March 31, 2003 and
the Revenue Account for the period January 14, 2003 to March 31, 2003

January 14, 2003 to
March 31, 2003
Rupees

Schedule 7

Interest and Discount

(Note 2.4)

Debentures / Bonds		14,514,686
Government of India Securities		1,408,630
Reverse Repos		62,492
Deposits		1,595,822
Commercial Paper		409,442
		<hr/>
		17,991,072

January 14, 2003 to
March 31, 2003
Rupees

Schedule 8

Unrealised (Depreciation) / Appreciation in Value of Investments

(Note 8)

(a) Privately Placed Non-Convertible Debentures / Bonds		
At beginning of period		–
Net movement during the period	(I)	(3,047,990)
At end of period		<hr/> (3,047,990)
(b) Non-Convertible Debentures / Bonds Listed / Awaiting Listing		
At beginning of period		–
Net movement during the period	(II)	(2,500)
At end of period		<hr/> (2,500)
Net movement in unrealised (depreciation) / appreciation in value of investments during the period	(I)+(II)	<hr/> (3,050,490)

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

Schedule 9

Notes to the Financial Statements

1. Organisation

Deutsche Short Maturity Fund (the "Scheme") is an open-ended income scheme of Deutsche Mutual Fund (the "Fund") and was launched on January 14, 2003. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act 1956 has been appointed as the asset management company. The duration of the Scheme is perpetual. The Scheme closed for initial subscription on January 21, 2003 and reopened for issue and redemption of units on January 27, 2003. The investment objective of the Scheme is to generate steady returns with low volatility by investing in short-medium term debt and money market securities.

The Scheme has two plans - Growth Plan and Dividend Plan.

The Scheme will not declare dividend under the Growth Plan. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value.

2. Significant Accounting Policies

2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (the "Regulation") and amendments thereto, as applicable.

2.2 Portfolio Valuation

Investments are stated at market/fair value at the Balance Sheet date/date of determination. In valuing the Scheme's investments:

- i. Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded.

If no sale is reported at that time:

- Debt securities were valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund on the basis of the yield to maturity of the last quoted closing price when the last quoted closing price is not more than fifteen days prior to the valuation date upto March 9, 2003.
- Effective March 10, 2003, debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private limited under procedures approved by the Trustee of Deutsche Mutual Fund.

- ii. Non-traded and thinly traded debt securities, including those not traded within fifteen days prior to the valuation date are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India (SEBI).

- iii. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.

- iv. Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.

- v. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.

- vi. Money market instruments are valued at cost plus accrued interest.

Following the issue of the guidance note on accounting for investments in the financial statements of mutual funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealised appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments.

2.4 Investment Income

Interest income is recorded on an accrual basis.

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

2.5 Net Asset Value for Growth/Dividend Plans

The net asset value of the units of the Scheme is determined separately for the units issued under the Growth and Dividend Plans.

For reporting the net asset value for the Plans, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Plans in proportion to the value of the units outstanding.

2.6 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the dividend equalization reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealised net appreciation in value of investments

2.7 Dividend Equalization Reserve

The net distributable income relating to units issued/repurchased is transferred to/from dividend equalization reserve for determining the net surplus/deficit, transferred from/to unit premium reserve.

3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 0.35% of the average daily net asset values recorded by the Scheme. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees.

4. Trusteeship Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited ("The Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Fund has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme subject to a maximum of Rs. 500,000 per annum.

5. Custodian Fees

JPMorgan Chase Bank provides custodial services to the Scheme for which it receives custody fees.

6. Income Taxes

No provision for taxation has been made as the Scheme qualifies as a recognized mutual fund under Section 10(23D) of the Income Tax Act, 1961. For taxes deducted at source from the investment income, which are recoverable, a receivable is recorded in the books of account.

7. Limitation of Expenses

In accordance with the Offer Document dated November 11, 2002 the total expenses chargeable to the Scheme is limited to 0.90% of the average daily net assets recorded by the Scheme. Deutsche Asset Management (India) Private Limited has borne Rs. 689,674 which is in excess of the above mentioned percentage of the average daily net assets allowable to be charged to the Scheme as total expenses for the period.

8. Aggregate Appreciation and Depreciation in Value of Investments

Aggregate appreciation and depreciation in value of investments is as follows:

	March 31, 2003 (Rupees)
Privately Placed Non-Convertible Debentures/Bonds	
– Appreciation	500,211
– Depreciation	3,548,201
Non-Convertible Debentures/Bonds Listed / Awaiting Listing	
– Appreciation	–
– Depreciation	2,500

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

9. Aggregate Fair Value of Privately Placed Investments

Aggregate fair value of non-traded (including private placement)/thinly traded investments as determined in good faith by Deutsche Asset Management (India) Private Limited under the procedures approved by the Trustee as at March 31, 2003 is Rs. 535,585,143.

10. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial period are Rs.3,898,636,859 (excluding amortisation of premium Rs. 1,534,222) and Rs. 3,300,327,270 respectively being 304.41% and 257.69% of the average daily net assets.

11. Income and Expenses

The total income (including net profit on sale of investments and net unrealized depreciation in the value of investments) and expenditure is Rs. 5,621,004 and Rs. 2,021,078 respectively being 2.50% and 0.90% (annualized) of average daily net assets.

12. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended

Deutsche Bank AG, Mumbai Branch, an associate entity of Deutsche Asset Management (India) Private Limited was paid commission amounting to Rs. 6.22 Lakhs for procuring unit subscriptions for the Scheme. The commission was at rates similar to those offered to other distributors.

13. Disclosure Under Regulation 25 (11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Deutsche Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any Scheme of Deutsche Mutual Fund.

Company Name	Scheme invested in by the Company	Investments made by Schemes of Deutsche Mutual Fund in the Company/Subsidiary	
		Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2003 At Market / Fair Value (Rupees in lakhs)
HCL Technologies Limited	Deutsche Short Maturity Fund	22.99	22.73
The Tata Iron and Steel Co. Ltd.	Deutsche Premier Bond Fund	103.89	60.19
The Associated Cement Companies Ltd.	Deutsche Insta Cash Plus Fund	107.51	–
Larsen & Toubro Ltd.	Deutsche Alpha Equity Fund Deutsche Premier Bond Fund	622.88	73.86
TOTAL		857.27	156.78

The investments comprise equity, debt and money market instruments. Deutsche Asset Management (India) Private Limited is of the opinion that the said companies are fundamentally strong and possess a high potential for growth and are market leaders in their respective fields. Accordingly, investments were made in the said companies.

14. Unit Holdings (in excess of 25% of the Net Assets of the Scheme) as at March 31, 2003

Number of Investors : 1

Percentage Holding : 27.97%

15. Perspective Historical Per Unit Statistics*

	January 14, 2003 to March 31, 2003	
	Growth Plan Rupees	Dividend Plan Rupees
(a) Net asset value per unit at the end of the period (Note 2.5)	10.0647	10.0619
(b) Gross Income		
(i) income other than profit on sale of investment	0.2487	0.4605
(ii) income from profit on inter scheme sales/transfer of investment	(0.0220)	(0.0407)
(iii) income (net) from profit on sale of investments to third party	(0.1069)	(0.1978)
(iv) transfer to revenue account from past year's reserve	N.A.	N.A.

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

	January 14, 2003 to March 31, 2003	
	Growth Plan Rupees	Dividend Plan Rupees
(c) Aggregate of expenses, writeoff, amortisation and charges	0.0276	0.0757
(d) Net income	0.0923	0.1462
(e) Net unrealised appreciation / (depreciation) in value of investments	(0.0387)	(0.3253)
(f) Redemption Price		
– Highest	10.0686	10.0379
– Lowest	9.9622	9.9763
(g) Purchase price		
– Highest	10.0402	10.0266
– Lowest	9.9677	9.9637
(h) Price earnings ratio	N.A.	N.A.
(i) Ratio of expenses to average daily net assets by percentage @	0.90%	0.90%
(j) Ratio of gross income (including net loss on sale of investments and net unrealised depreciation in value of investments) to average daily net assets by percentage @	2.50%	2.50%

* The above per unit calculations are based on the number of units in issue at the end of the financial period.

@ The ratio of expenses and gross income to average daily net assets by percentage has been annualised for the period January 27, 2003 to March 31, 2003.

14. Prior Year's Figures

As these are the first financial statements of the Scheme since the date of its commencement, there are no comparative figures.

Signatures to the Schedules 1 to 9 forming part of the Balance Sheet and the Revenue Account

K. H. VACHHA
Partner

For Deutsche Trustees Service (India)
Private Limited

For Deutsche Asset Management (India)
Private Limited

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Douglas Neilson
Director

M. H. Kania
Director

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

Brian Edwin Scullin
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : June 26, 2003

Suresh Soni
Head - Fixed Income

Statement of Portfolio Holding

as at March 31, 2003

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003)

	Market / Fair Value Rupees
Privately Placed Non-Convertible Debentures/Bonds (84.53%)	
Diversified Financial Services (79.61%)	
6.70% Citicorp Finance India Ltd. 2005 *	99,287,200
7.68% GE Capital Services 2004 *	151,613,337
7.75% IDBI 2005 * #	38,059,490
14.50% IDBI 2005 *	56,387,716
6.25% Kotak Securities 2003 *	49,966,292
	395,314,035
Oil and Gas Refining and Marketing (10.07%)	
12.75% Reliance Petroleum 2009 *	50,003,093
	50,003,093
Telecommunications Equipment (10.32%)	
8.15% Finolex Cables Ltd. 2004 *	51,276,869
	51,276,869
TOTAL	(Cost Rs. 499,641,987) 496,593,997
Non-Convertible Debentures/Bonds Listed/Awaiting Listing (8.83%)	
Integrated Telecommunication Services (100%)	
10.40% Bharat Sanchar Nigam Ltd. 2006	51,888,600
TOTAL	(Cost Rs. 51,891,100) 51,888,600
Commercial Paper (6.64%)	
Bajaj Auto Finance 2003 *	19,617,308
HDFC 2003 *	19,373,837
TOTAL	(Cost Rs. 38,991,146) 38,991,146
TOTAL INVESTMENTS	(Cost Rs. 590,524,233) 587,473,743

Confirmation has been received from J P Morgan Chase Bank at the end of the financial period of investments held by them.

Permitted to trade on the National Stock Exchange of India Limited

* Fair value of privately placed securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

Auditors' Report

To the Trustee

DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – Deutsche Insta Cash Plus Fund ("The Scheme") as at March 31, 2003 and the related Revenue Account for the period January 14, 2003 to March 31, 2003, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2003 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – Deutsche Insta Cash Plus Fund as at March 31, 2003 and its net surplus for the period ended on that date.
 - (ii) The Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003, together with the notes thereon have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable.
 - (iii) The methods used to value privately securities as at March 31, 2003 as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha

Partner

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 26, 2003

Balance Sheet

as at March 31, 2003

	Schedule	March 31, 2003 Rupees
Assets		
Investments	1	370,305,227
Deposits	2	47,500,000
Other Current Assets	3	264,252,682
TOTAL		682,057,909
Liabilities		
Unit Capital	4	674,124,309
Reserves and Surplus	5	7,381,225
Current Liabilities and Provisions	6	552,375
TOTAL		682,057,909

Reconciliation of Net Asset Value Per Unit

	March 31, 2003		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	657,968,159	23,537,375	681,505,534
Number of Units in Issue	65,084,160.749	2,328,270.222	
Net Asset Value per Unit	10.1095	10.1094	

Notes to the Financial Statements 8

The schedules referred to herein form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date.

K. H. VACHHA
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

For Deutsche Trustees Service (India)
Private Limited

Douglas Neilson
Director

Y. B. Desai
Director

Debabrata Bhadury
Director

M. H. Kania
Director

A. S. Mitra
Director

Brian Edwin Scullin
Director

For Deutsche Asset Management (India)
Private Limited

Choy Peng-Wah
Director

Kersi M. Gherda
Director

Vijay P. Gokhale
Director

Sandeep Dasgupta
Director

Dileep Choksi
Director

Carl Saldanha
Director

Suresh Soni
Head - Fixed Income

Place: Mumbai
Date : June 26, 2003



Revenue Account

for the period January 14, 2003 to March 31, 2003

	Schedule	January 14, 2003 to March 31, 2003 Rupees
Income And Gains		
Interest and Discount	7	7,340,321
Net Profit on Sale of Investments (Net of Net Loss on Inter - Scheme Sale of Investments Rs 13,688) (Note 2.3)		20,213
TOTAL		7,360,534
Expenses And Losses		
Investment Management and Advisory Fees (Note 3)		273,700
Trusteeship Fees and Expenses (Note 4)		10,948
Transfer Agent Fees and Expenses		107,065
Custodian Fees and Expenses (Note 5)		69,343
Audit Fees		60,000
Selling and Distribution Expenses		245,450
Other Operating Expenses		119,045
		885,551
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		281,768
TOTAL		603,783
Net Surplus for the Period		6,756,751
Net Unrealised Appreciation in Value of Investments - Privately Placed Non-Convertible Debentures/ Bonds		115,276
Net Surplus including Net Unrealised Appreciation in Value of Investments		6,872,027

	January 14, 2003 to March 31, 2003		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Net Surplus including Net Unrealised Depreciation in Value of Investments by Plan	6,682,431	189,596	6,872,027
Transfer From Dividend Equalisation Reserve (Note 2.7)	507,813	26,805	534,618
Balance Transferred to Reserve Fund	7,190,244	216,401	7,406,645

Notes to the Financial Statements 8
The Schedules referred to herein form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date

K. H. VACHHA <i>Partner</i>	For Deutsche Trustees Service (India) Private Limited		For Deutsche Asset Management (India) Private Limited	
For and on behalf of PRICE WATERHOUSE <i>Chartered Accountants</i>	Douglas Neilson <i>Director</i>	M. H. Kania <i>Director</i>	Choy Peng-Wah <i>Director</i>	Sandeep Dasgupta <i>Director</i>
	Y. B. Desai <i>Director</i>	A. S. Mitra <i>Director</i>	Kersi M. Gherda <i>Director</i>	Dileep Choksi <i>Director</i>
	Debabrata Bhadury <i>Director</i>	Brian Edwin Scullin <i>Director</i>	Vijay P. Gokhale <i>Director</i>	Carl Saldanha <i>Director</i>
Place: Mumbai Date : June 26, 2003			Suresh Soni <i>Head - Fixed Income</i>	

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

	March 31, 2003	
	Fair Value Rupees	Cost Rupees
Schedule 1		
Investments		
(Notes 2.2, 2.3, 8, 9, 10 and 13)		
(Refer to the attached Statement of Portfolio Holding as at March 31, 2003)		
Privately Placed Non-Convertible Debentures / Bonds	130,217,943	130,102,667
Commercial Paper / Certificate of Deposit	240,087,284	240,087,284
	370,305,227	370,189,951

	March 31, 2003 Rupees
Schedule 2	
Deposits	
Deposits with Scheduled Banks	47,500,000
	47,500,000

	March 31, 2003 Rupees
Schedule 3	
Other Current Assets	
Balances with Banks in Current Account	1,474,705
Interest Receivables on :	
– Debentures / Bonds	5,475,863
– Deposits with Scheduled Banks	151,782
– Others (Reverse Repos)	24,284
Reverse Repos	156,844,280
Application Money Pending Allotment	100,000,000
Receivable from Investment Manager	281,768
	264,252,682

	March 31, 2003	
	Rupees	Units
Schedule 4		
Unit Capital		
Growth Plan		
Issued and Subscribed:		
Units of Rs.10 each fully paid up	597,290,000	59,729,000.000
Outstanding		
Initial Issue and Subscription	597,290,000	59,729,000.000
Issued during the period	2,502,014,016	250,201,401.606
	3,099,304,016	309,930,401.606
Redeemed during the period	(2,448,462,409)	(244,846,240.857)
At the end of the period	650,841,607	65,084,160.749

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

	March 31, 2003	
	Rupees	Units
Dividend Plan		
Issued and Subscribed:		
Units of Rs.10 each fully paid up	50,100,000	5,010,000.000
Outstanding		
Initial Issue and Subscription	50,100,000	5,010,000.000
Issued during the period	23,182,702	2,318,270.222
	73,282,702	7,328,270.222
Redeemed during the period	(50,000,000)	(5,000,000.000)
At the end of the period	23,282,702	2,328,270.222
TOTAL	674,124,309	67,412,430.971

	March 31, 2003		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Schedule 5			
Reserves and Surplus			
Unit Premium Reserve (Note 2.6)			
Premium / Discount on Issue / Redemption of units during the period	(63,692)	38,272	(25,420)
Dividend Equalisation Reserve (Note 2.7)			
Added during the period	507,813	26,805	534,618
Transferred to Revenue Account	(507,813)	(26,805)	(534,618)
At the end of the period	–	–	–
Reserve Fund			
Balance Transferred from Revenue Account [including net unrealised appreciation in value of investments Rs. 115,276]	7,190,244	216,401	7,406,645
TOTAL	7,126,552	254,673	7,381,225

	March 31, 2003 Rupees
Schedule 6	
Current Liabilities and Provisions	
Current Liabilities	
Investment Management and Advisory Fees	130,643
Trustee Fees and Expenses	5,226
Transfer Agent Fees and Expenses	56,107
Custodian Fees and Expenses	34,311
Audit Fees	60,000
Selling and Distribution Expenses	181,356
Inter scheme Payable for Cash Management Fees	12,473
Sundry Payables	72,259
	552,375

Schedules

forming part of Balance Sheet as at March 31, 2003 and
the Revenue Account for the period January 14, 2003 to March 31, 2003

January 14, 2003 to
March 31, 2003
Rupees

Schedule 7

Interest and Discount

(Note 2.4)

Debentures/Bonds	4,568,489
Government of India Securities	2,084
Treasury Bills	296,091
Commercial Paper / Certificate of Deposit	1,552,793
Reverse Repos	439,250
Deposits	481,614
	<hr/>
	7,340,321

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

Schedule 8

Notes to the Financial Statements

1. Organisation

Deutsche Insta Cash Plus Fund (the "Scheme") is an open-ended Liquid income scheme of Deutsche Mutual Fund (the "Fund") and was launched on January 14, 2003. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act 1956, has been appointed as the asset management company. The duration of the Scheme is perpetual. The Scheme closed for initial subscription on January 21, 2003 and reopened for issue and redemption of units on January 27, 2003. The investment objective of the Scheme is to generate steady returns along with high liquidity by investing in a portfolio of short term, high quality money market and debt instruments.

The Scheme has two plans - Growth Plan and Dividend Plan.

The Scheme will not declare dividend under the Growth Plan. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value.

2. Significant Accounting Policies

2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (the "Regulation") and amendments thereto, as applicable.

2.2 Portfolio Valuation

Investments are stated at market/fair value at the Balance Sheet date/date of determination. In valuing the Scheme's investments:

- i. Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded.

If no sale is reported at that time:

- Debt securities were valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund on the basis of the yield to maturity of the last quoted closing price when the last quoted closing price is not more than fifteen days prior to the valuation date upto March 9, 2003.
 - Effective March 10, 2003, debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- ii. Non-traded and thinly traded debt securities, including those not traded within fifteen days prior to the valuation date are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India (SEBI).
 - iii. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
 - iv. Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.
 - v. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
 - vi. Money market instruments are valued at cost plus accrued interest.

Following the issue of the guidance note on accounting for investments in the financial statements of mutual funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealised appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The scheme uses the average cost method for determining the realized gain or loss on sale of investments.

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

2.4 Investment Income

Interest income is recorded on an accrual basis.

2.5 Net Asset Value for Growth/Dividend Plans

The net asset value of the units of the Scheme is determined separately for the units issued under the Growth and Dividend Plans.

For reporting the net asset value for the Plans, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the plans in proportion to the value of the units outstanding.

2.6 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the dividend equalization reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealized net appreciation in value of investments.

2.7 Dividend Equalization Reserve

The net distributable income relating to units issued/repurchased is transferred to/from dividend equalization reserve for determining the net surplus/deficit, transferred from/to unit premium reserve.

3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 0.25% of the average daily net asset values recorded by the. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees.

4. Trusteeship Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited ("The Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Fund has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme subject to a maximum of Rs. 500,000 per annum.

5. Custodian Fees

JPMorgan Chase Bank provides custodial services to the Scheme for which it receives custody fees.

6. Income Taxes

No provision for income tax is made as the Scheme qualifies as a recognized Mutual Fund under Section 10(23D) of the Income Tax Act, 1961. For taxes deducted at source from the investment income, which are recoverable, a receivable is recorded in the books of account.

7. Limitation on Expenses

The total expenses chargeable to the Scheme is limited to 0.55% of the average daily net assets recorded by the Scheme. Deutsche Asset Management (India) Private Limited has borne Rs. 281,768 in excess of the above mentioned percentage of the average daily net assets to be charged to the Scheme as total expenses for the period.

8. Aggregate Appreciation and Depreciation in Value of Investments

Aggregate appreciation and depreciation in value of investments is as follows :

	March 31, 2003 (Rupees)
Privately Placed Non-Convertible Debentures/Bonds	
– Appreciation	115,276
– Depreciation	–

9. Aggregate Fair Value of Privately Placed Investments

Aggregate fair value of privately placed investments as determined in good faith by Deutsche Asset Management (India) Private Limited under the procedures approved by the Trustee as at March 31, 2003 is Rs. 370,305,227.

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

10. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial period are Rs. 2,321,118,453 (excluding amortisation of premium Rs. 2,425,277) and Rs. 1,853,373,993 respectively being 370.74% and 296.03% of the average daily net assets.

11. Income and Expenses

The total income (including net profit on sale of investments and net unrealized appreciation in the value of investments) and expenditure is Rs. 7,475,810 and Rs. 603,783 respectively being 6.81% and 0.55% (annualized) of average daily net assets.

12. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended

Deutsche Bank AG, Mumbai Branch, an associate entity of Deutsche Asset Management (India) Private Limited was paid commission amounting to Rs. 1.39 Lakhs for procuring unit subscriptions for the Scheme. The commission was at rates similar to those offered to other distributors.

13. Disclosure Under Regulation 25 (11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Deutsche Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any Scheme of Deutsche Mutual Fund.

Company Name	Scheme invested in by the Company	Investments made by Schemes of Deutsche Mutual Fund in the Company/Subsidiary	
		Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2003 At Market / Fair Value (Rupees in lakhs)
HCL Technologies Limited	Deutsche Short Maturity Fund	22.99	22.73
The Tata Iron and Steel Co. Ltd.	Deutsche Premier Bond Fund	103.89	60.19
The Associated Cement Companies Ltd.	Deutsche Insta Cash Plus Fund	107.51	–
Larsen & Toubro Ltd.	Deutsche Alpha Equity Fund Deutsche Premier Bond Fund	622.88	73.86
TOTAL		857.27	156.78

The investments comprise equity, debt and money market instruments. Deutsche Asset Management (India) Private Limited is of the opinion that the said companies are fundamentally strong and possess a high potential for growth and are market leaders in their respective fields. Accordingly, investments were made in the said companies.

14. Perspective Historical Per Unit Statistics*

	January 14, 2003 to March 31, 2003	
	Growth Plan Rupees	Dividend Plan Rupees
(a) Net asset value per unit at the end of the period (Note 2.5)	10.1095	10.1094
(b) Gross Income		
(i) income other than profit on sale of investment	0.1096	0.0876
(ii) income from profit on inter scheme sales/transfer of investment	(0.0002)	(0.0001)
(iii) Income (net) from profit on sale of investments to third parties	0.0005	0.0004
(iv) transfer to revenue account from past year's reserve	N.A.	N.A.
(c) Aggregate of expenses, writeoff, amortisation and charges	0.0090	0.0063
(d) Net income	0.1009	0.0816
(e) Net unrealised appreciation/(depreciation) in value of investments	0.0018	(0.0001)
(f) Redemption price		
– Highest	10.1128	10.0313
– Lowest	10.0200	10.0313

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003

	January 14, 2003 to March 31, 2003	
	Growth Plan Rupees	Dividend Plan Rupees
(g) Purchase price		
– Highest	10.1077	10.1077
– Lowest	10.0000	10.0000
(h) Price earnings ratio	N.A.	N.A.
(i) Ratio of expenses to average daily net assets by percentage @	0.55%	0.55%
(j) Ratio of gross income (including net profit on sale of investments and net unrealised appreciation in value of investments) to average daily net assets by percentage @	6.81%	6.81%

* *The above per unit calculations are based on the number of units in issue at the end of the financial period.*

@ *The ratio of expenses and gross income to average daily net assets by percentage has been annualised for the period January 27, 2003 to March 31, 2003.*

15. Prior Year's Figures

As these are the first financial statements of the Scheme since the date of its commencement, there are no comparative figures.

Signatures to the Schedules 1 to 8 forming part of the Balance Sheet and the Revenue Account

K. H. VACHHA
Partner

For Deutsche Trustees Service (India)
Private Limited

For Deutsche Asset Management (India)
Private Limited

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Douglas Neilson
Director

M. H. Kania
Director

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

Brian Edwin Scullin
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : June 26, 2003

Suresh Soni
Head - Fixed Income



Statement of Portfolio Holding

as at March 31, 2003

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2003 and the Revenue Account for the period January 14, 2003 to March 31, 2003)

		Fair Value Rupees
Privately Placed Non-Convertible Debentures/Bonds (35.17%)		
Diversified Financial Services (61.63%)		
9.70% Ashok Leyland Finance 2003 *		50,204,685
7.75% IDBI 2005 *		30,046,966
		80,251,651
Non-Banking Finance Corporation (38.37%)		
6.25% Kotak Securities 2003 *		49,966,292
		49,966,292
TOTAL	(Cost Rs.130,102,667)	130,217,943
Commercial Paper /Certificate of Deposit (64.83%)		
Commercial Paper (64.96%)		
Bajaj Auto Finance 2003 *		78,476,006
HDFC 2003 *		77,495,349
		155,971,355
Certificate of Deposit (35.04%)		
ICICI Bank 2004 *		84,115,929
		84,115,929
TOTAL	(Cost Rs. 240,087,284)	240,087,284
TOTAL INVESTMENTS	(Cost Rs. 370,189,951)	370,305,227

Confirmation has been received from J P Morgan Chase Bank at the end of the financial period of the investments held by them.

* Fair value of privately placed securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

Auditors' Report

To the Trustee

DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – Deutsche Fixed Maturity Plans ("The Scheme") as at March 31, 2003 and the related Revenue Account for the period March 26, 2003 to March 31, 2003, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2003 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – Deutsche Fixed Maturity Plans as at March 31, 2003 and its net surplus for the period ended on that date.
 - (ii) The Balance Sheet as at March 31, 2003 and the Revenue Account for the period March 26, 2003 to March 31, 2003, together with the notes thereon have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable.
 - (iii) The methods used to value privately securities as at March 31, 2003 as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 26, 2003

Balance Sheet

as at March 31, 2003

	Schedule	385 Days Series March 31, 2003 Rupees
Assets		
Investments	1	109,601,895
Deposits	2	41,614,497
Other Current Assets	3	103,521
TOTAL		151,319,913
Liabilities		
Unit Capital	4	151,000,000
Reserves and Surplus	5	304,095
Current Liabilities and Provisions	6	15,818
TOTAL		151,319,913

Reconciliation of Net Asset Value Per Unit

	March 31, 2003 Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) - Growth Option (Note 2.5)	151,304,095
Number of Units in Issue	15,100,000.000
Net Asset Value per Unit	10.0201

Notes to the Financial Statements 9

The schedules referred to herein form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date

K. H. VACHHA <i>Partner</i>	For Deutsche Trustees Service (India) Private Limited	For Deutsche Asset Management (India) Private Limited
For and on behalf of PRICE WATERHOUSE <i>Chartered Accountants</i>	Douglas Neilson <i>Director</i>	Choy Peng-Wah <i>Director</i>
	M. H. Kania <i>Director</i>	Sandeep Dasgupta <i>Director</i>
	Y. B. Desai <i>Director</i>	Kersi M. Gherda <i>Director</i>
	A. S. Mitra <i>Director</i>	Dileep Choksi <i>Director</i>
	Debabrata Bhadury <i>Director</i>	Vijay P. Gokhale <i>Director</i>
	Brian Edwin Scullin <i>Director</i>	Carl Saldanha <i>Director</i>
Place: Mumbai		Suresh Soni
Date : June 26, 2003		<i>Head - Fixed Income</i>

Revenue Account

for the period March 26, 2003 to March 31, 2003

	Schedule	385 Days Series March 26, 2003 to March 31, 2003 Rupees
Income And Gains		
Interest and Discount	7	164,447
TOTAL		164,447
Expenses And Losses		
Investment Management and Advisory Fees (Note 3)		4,145
Trusteeship Fees and Expenses (Note 4)		207
Transfer Agent Fees and Expenses		130
Audit Fees		10,000
Selling and Distribution Expenses		416
Other Operating Expenses		920
		15,818
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		9,600
TOTAL		6,218
Net Surplus for the Period		158,229
Net Unrealised Appreciation in Value of Investments	8	145,866
Net Surplus including Net Unrealised Appreciation in Value of Investments		304,095
Balance Transferred to Reserve Fund		304,095
Notes to the Financial Statements	9	
The schedules form an integral part of the Financial Statements		

This is the Revenue Account referred to in our report of even date

K. H. VACHHA
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

For Deutsche Trustees Service (India)
Private Limited

Douglas Neilson
Director

Y. B. Desai
Director

Debabrata Bhadury
Director

M. H. Kania
Director

A. S. Mitra
Director

Brian Edwin Scullin
Director

For Deutsche Asset Management (India)
Private Limited

Choy Peng-Wah
Director

Kersi M. Gherda
Director

Vijay P. Gokhale
Director

Sandeep Dasgupta
Director

Dileep Choksi
Director

Carl Saldanha
Director

Suresh Soni
Head - Fixed Income

Place: Mumbai
Date : June 26, 2003



Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period March 26, 2003 to March 31, 2003

	385 Days Series	
	March 31, 2003	
	Market/Fair Value Rupees	Cost Rupees
Schedule 1		
Investments		
(Notes 2.2, 2.3, 8, 9, 10 and 12)		
(Refer to the attached Statement of Portfolio Holding as at March 31, 2003)		
Privately Placed Non-Convertible Debentures / Bonds	40,064,012	40,000,000
Treasury Bills	47,419,900	47,338,046
Commercial Paper	22,117,983	22,117,983
	109,601,895	109,456,029

	385 Days Series	
	March 31, 2003 Rupees	

Schedule 2

Deposits

Deposits with Scheduled Banks		41,614,497
		41,614,497

	385 Days Series	
	March 31, 2003 Rupees	

Schedule 3

Other Current Assets

Balance with Bank in Current Account		1
Interest Receivables on :		
– Debentures / Bonds		45,534
– Deposits with Scheduled Banks		48,386
Receivable from Investment Manager		9,600
		103,521

	385 Days Series	
	March 31, 2003	
	Rupees	Units

Schedule 4

Unit Capital

Growth Plan

Issued and Subscribed:

Units of Rs.10 each fully paid up	151,000,000	15,100,000.000
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Outstanding

Initial issue and subscription	151,000,000	15,100,000.000
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Issued during the period	–	–
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	151,000,000	15,100,000.000
--	-------------	----------------

Redeemed during the period	–	–
----------------------------	---	---

At the end of the period	151,000,000	15,100,000.000
--------------------------	-------------	----------------

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period March 26, 2003 to March 31, 2003

385 Days Series
March 31, 2003
Rupees

Schedule 5

Reserves and Surplus

Growth Plan	
Reserve Fund	
Balance Transferred from Revenue Account [including net unrealised appreciation in value of investments Rs. 145,866]	304,095
TOTAL	304,095

385 Days Series
March 31, 2003
Rupees

Schedule 6

Current Liabilities and Provisions

Current Liabilities	
Investment Management and Advisory Fees	4,145
Trustee Fees and Expenses	207
Transfer Agent Fees and Expenses	130
Audit Fees	10,000
Selling and Distribution Expenses	416
Sundry Payables	920
	15,818

385 Days Series
March 26, 2003 to
March 31, 2003
Rupees

Schedule 7

Interest and Discount

(Note 2.4)

Debentures / Bonds	45,534
Deposits	48,386
Treasury Bills	45,246
Commercial Paper	25,281
	164,447

385 Days Series
March 26, 2003 to
March 31, 2003
Rupees

Schedule 8

Unrealised Appreciation in Value of Investments

(Note 8)

(a) Debentures and Bonds		
At beginning of period		–
Net movement during the period		64,012
At end of period	(I)	64,012
(b) Treasury Bills		
At beginning of period		–
Net movement during the period		81,854
At end of period	(II)	81,854
Net movement in unrealised (depreciation) / appreciation in value of investments during the period	(I)+(II)	145,866

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period March 26, 2003 to March 31, 2003

Schedule 9

Notes to the Financial Statements

1. Organisation

Deutsche Fixed Maturity Plans (the "Scheme") is an umbrella scheme of Deutsche Mutual Fund (the "Fund") offering a series of plans with fixed maturities and was launched on March 26, 2003. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act 1956, has been appointed as the asset management company. The Scheme has a series of close-ended plans (the "Plans") having fixed maturities of 98 days, 189 days and 385 days with a new plan being offered weekly on every Wednesday. The first 385 days Series Plan of the scheme was launched on March 26, 2003. The investment objective of the Scheme and the Series/ Plan therein is to generate income and capital appreciation by investing in a portfolio of fixed income securities usually maturing in line with the time profile of the respective Series / Plans.

The Series/ Plan have two options - (i) Growth Option and (ii) Dividend Option. The Scheme will not declare dividend under the Growth Option .

The income earned on such units would remain invested within the Scheme and will be reflected in the net asset value.

During the period, the Scheme launched one Plan of the 385 days Series which received subscription only for the Growth Option.

2. Significant Accounting Policies

2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (the "Regulation") and amendments thereto, as applicable.

2.2 Portfolio Valuation

Investments are stated at market/fair value at the Balance Sheet date/date of determination. In valuing the Scheme's investments:

- i. Debt securities listed on a recognized stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded. If no sale is reported at that time debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- ii. Non-traded and thinly traded debt securities, including those not traded within fifteen days prior to the valuation date are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by Securities And Exchange Board of India (SEBI).
- iii. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- iv. Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.
- v. Money market instruments are valued at cost plus accrued interest.

Following the issue of the guidance note on accounting for investments in the financial statements of mutual funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealised appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments.

2.4 Investment Income

Interest income is recorded on an accrual basis.

2.5 Net Asset Value for Growth/Dividend Options

The net asset value of the units of the Scheme is determined separately for the units issued under the Growth and Dividend Options.

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period March 26, 2003 to March 31, 2003

For reporting the net asset value for the Option of various Series/ Plans, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Series/ Plans are allocated to the Options of that Series/ Plans in proportion to the value of the units outstanding.

2.6 Unit Premium Reserve

Upon redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme.

The unit premium reserve is available for dividend distribution except to the extent it is represented by net unrealised appreciation in value of investments.

3. Investment Management & Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 0.20% of the average daily net asset values recorded by the Scheme. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable, are on their own account for which they receive investment management & advisory fees.

4. Trusteeship Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited ("The Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Fund has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme subject to a maximum of Rs. 500,000 per annum.

5. Custodian Fees

JPMorgan Chase Bank provides custodial services to the Scheme for which it receives custody fees.

6. Income Taxes

No provision for taxation has been made as the Scheme qualifies as a recognized mutual fund under Section 10(23D) of the Income Tax Act, 1961. For taxes deducted at source from the investment income, which are recoverable, a receivable is recorded in the books of account.

7. Limitation on Expenses

The total expense chargeable to the Scheme is limited to 0.30% of the average daily net asset values recorded by the Scheme. Deutsche Asset Management (India) Private Limited has borne Rs.9,600 which is in excess of the above mentioned percentage of the average daily net assets to be charged to the Scheme as total expenses for the period.

8. Aggregate Appreciation and Depreciation in Value of Investments

Aggregate appreciation and depreciation in value of investments is as follows :

	March 31, 2003 (Rupees)
<hr/>	
Privately placed Non-Convertible Debentures / Bonds	
– Appreciation	64,012
– Depreciation	–
Treasury Bills	
– Appreciation	81,854
– Depreciation	–
<hr/>	

9. Aggregate Fair Value of Non-Traded/Thinly Traded Investments

Aggregate fair value of privately placed investments as determined in good faith by Deutsche Asset Management (India) Private Limited under the procedures approved by the Trustee as at March 31, 2003 is Rs. 62,181,995.

10. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investments securities purchased and sold (including matured) during the financial period are Rs.109,385,503 (excluding accretion of discount Rs. 70,526) and Rs.NIL respectively being 72.30% and 0.00% of the average daily net assets.

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period March 26, 2003 to March 31, 2003

11. Income and Expenses

The total income (including net unrealized appreciation in value of investments) and expenditure is Rs. 310,313 and Rs. 6218 respectively being 14.97% and 0.30% (annualised) of average daily net assets.

12. Disclosure Under Regulation 25 (11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Deutsche Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any Scheme of Deutsche Mutual Fund.

Company Name	Scheme invested in by the Company	Investments made by Schemes of Deutsche Mutual Fund in the Company/Subsidiary	
		Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2003 At Market / Fair Value (Rupees in lakhs)
HCL Technologies Limited	Deutsche Short Maturity Fund	22.99	22.73
The Tata Iron and Steel Co. Ltd.	Deutsche Premier Bond Fund	103.89	60.19
The Associated Cement Companies Ltd.	Deutsche Insta Cash Plus Fund	107.51	–
Larsen & Toubro Ltd.	Deutsche Alpha Equity Fund Deutsche Premier Bond Fund	622.88	73.86
TOTAL		857.27	156.78

The investments comprise equity, debt and money market instruments. Deutsche Asset Management (India) Private Limited is of the opinion that the said companies are fundamentally strong and possess a high potential for growth and are market leaders in their respective fields. Accordingly, investments were made in the said companies.

13. Unit Holdings (in excess of 25% of the Net Assets of the Scheme) as at March 31, 2003 :

385 Days Series

Number of Investors : 1

Percentage Holding : 99.34%

14. Perspective Historical Per Unit Statistics*

	385 Days Series	
	March 26, 2003 to March 31, 2003	
	Growth Option Rupees	
(a) Net asset value per unit at the end of the period (Note 2.5)	10.0201	
(b) Gross Income		
(i) income other than profit on sale of investment	0.0109	
(ii) income from profit on inter scheme sales/transfer of investment	–	
(iii) income (net) from profit on sale of investments to third party	–	
(iv) transfer to revenue account from past year's reserve	N.A.	
(c) Aggregate of expenses, writeoff, amortisation and charges	0.0004	
(d) Net income	0.0105	
(e) Net unrealised appreciation in value of investments	0.0097	
(f) Redemption price		
– Highest	N.A.	
– Lowest	N.A.	

Schedules

forming part of Balance Sheet as at March 31, 2003 and the Revenue Account for the period March 26, 2003 to March 31, 2003

	385 Days Series
	March 26, 2003 to March 31, 2003
	Growth Option Rupees
(g) Purchase price	
– Highest	10.00
– Lowest	10.00
(h) Price earnings ratio	N.A.
(i) Ratio of expenses to average daily net assets by percentage @	0.30%
(j) Ratio of gross income (including net unrealised appreciation in value of investments) to average daily net assets by percentage @	14.97%

* *The above per unit calculations are based on the number of units in issue at the end of the financial period*

@ *The ratio of expenses and gross income to average daily net assets by percentage has been annualised for the period March 27, 2003 to March 31, 2003.*

15. Prior Year's Figures

As these are the first financial statements of the Scheme since the date of its commencement, there are no comparative figures.

Signatures to the Schedules 1 to 9 forming part of the Balance Sheet and the Revenue Account

K. H. VACHHA <i>Partner</i>	For Deutsche Trustees Service (India) Private Limited		For Deutsche Asset Management (India) Private Limited	
For and on behalf of PRICE WATERHOUSE <i>Chartered Accountants</i>	Douglas Neilson <i>Director</i>	M. H. Kania <i>Director</i>	Choy Peng-Wah <i>Director</i>	Sandeep Dasgupta <i>Director</i>
	Y. B. Desai <i>Director</i>	A. S. Mitra <i>Director</i>	Kersi M. Gherda <i>Director</i>	Dileep Choksi <i>Director</i>
	Debabrata Bhadury <i>Director</i>	Brian Edwin Scullin <i>Director</i>	Vijay P. Gokhale <i>Director</i>	Carl Saldanha <i>Director</i>
Place: Mumbai Date : June 26, 2003			Suresh Soni <i>Head - Fixed Income</i>	



Statement of Portfolio Holding

as at March 31, 2003

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2003 and the Revenue Account for the period March 26, 2003 to March 31, 2003)

		Market/ Fair Value Rupees
Privately Placed Non-Convertible Debentures/Bonds (36.55%)		
Diversified Financial Services		
6.90% GE Capital Services 2004 *		20,025,507
6.95% Rabo India Finance 2004 *		20,038,505
TOTAL	(Cost Rs. 40,000,000)	40,064,012
Treasury Bills (43.27%)		
Treasury Bill 2004		47,419,900
TOTAL	(Cost Rs. 47,338,046)	47,419,900
Commercial Paper (20.18%)		
GE Countrywide Consumer Finance 2004 *		22,117,983
TOTAL	(Cost Rs. 22,117,983)	22,117,983
TOTAL INVESTMENTS	(Cost Rs. 109,456,029)	109,601,895

Confirmation has been received from J P Morgan Chase Bank at the end of the financial period of the investments held by them.

* Fair value of privately placed securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

Deutsche Asset Management (India) Private Limited

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Karvy Investor Service Centres

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G-1 Swathi Court, 22, Vijaya Raghava Road,
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COCHIN

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LUCKNOW

94, Mahatma Gandhi Marg,
(Opp. Governor House) Hazratganj, Lucknow.
Tel. : 0522-2236828 /19

MUMBAI

16-22 , Bake House, Ground Floor,
Maharashtra Chamber of Commerce Lane,
Opp. MSC Bank, Fort, Mumbai 400 023.
Tel. : 022-56341967 / 56381746 to 50

NEW DELHI

105-108, Arunachal Building, 19, Barakhamba Road,
Connuaght Place, New Delhi 110 001.
Tel. : 011-23324401 / 23737194 / 0824 / 842

PUNE

1202/10, Vishwas Bunglow, Off Ghole Road,
Shivajinagar, Pune 411 004.
Tel. : 020-5530204 / 05 / 2955 / 3291



Statutory Details :

Deutsche Mutual Fund ("the Fund") had been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated May 29, 2002. Deutsche Asset Management (Asia) Limited ("DeAM Asia") is the sponsor for the Fund. Deutsche Trustee Services (India) Private Limited is the trustee to the fund and Deutsche Asset Management (India) Private Limited has been appointed as Asset Management Company to the Mutual Fund vide Investment Management Agreement dated 29th May 2002.

Standard Risk Factors :

Mutual funds, like securities investments, are subject to market and other risks and there can be no guarantee against loss resulting from an investment in the Scheme nor can there be any assurance that the Scheme's objectives will be achieved. As with any investment in securities, the NAV of the Units issued under the Scheme can go up or down depending on various factors that may affect the values of the Scheme's investments. In addition to the factors that affect the value of individual securities, the NAV of the Scheme can be expected to fluctuate with movements in the broader equity and bond markets and may be influenced by factors affecting capital markets in general, such as, but not limited to, changes in interest rates, currency exchange rates, changes in governmental policies, taxation, political, economic or other developments and increased volatility in the stock and bond markets. Please read the Offer Document carefully before investing.

Neither the past performance of the mutual funds managed by the Sponsors and their affiliates / associates nor the past performance of the Sponsors / AMC or Fund is necessarily indicative of future performance of the Scheme. The name of the schemes do not in any manner indicate either the quality of the schemes, their future prospects or returns.

The Sponsors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of an amount of Rs.1 lakh collectively made by them towards setting up the Fund or such other accretions and additions to the initial corpus set up by the Sponsors.

Investors in the Scheme are not being offered a guaranteed or assured rate of return.

**Deutsche Asset Management
(India) Private Limited**

Registered & Corporate Office :

DB House, Hazarimal Somani Marg,

Fort, Mumbai - 400 001

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Deutsche Asset Management



A Member of the Deutsche Bank Group